# BOATING INDUSTRY

$4.50 THE MANAGEMENT MAGAZINE OF THE BOATING INDUSTRY JANUARY 1985

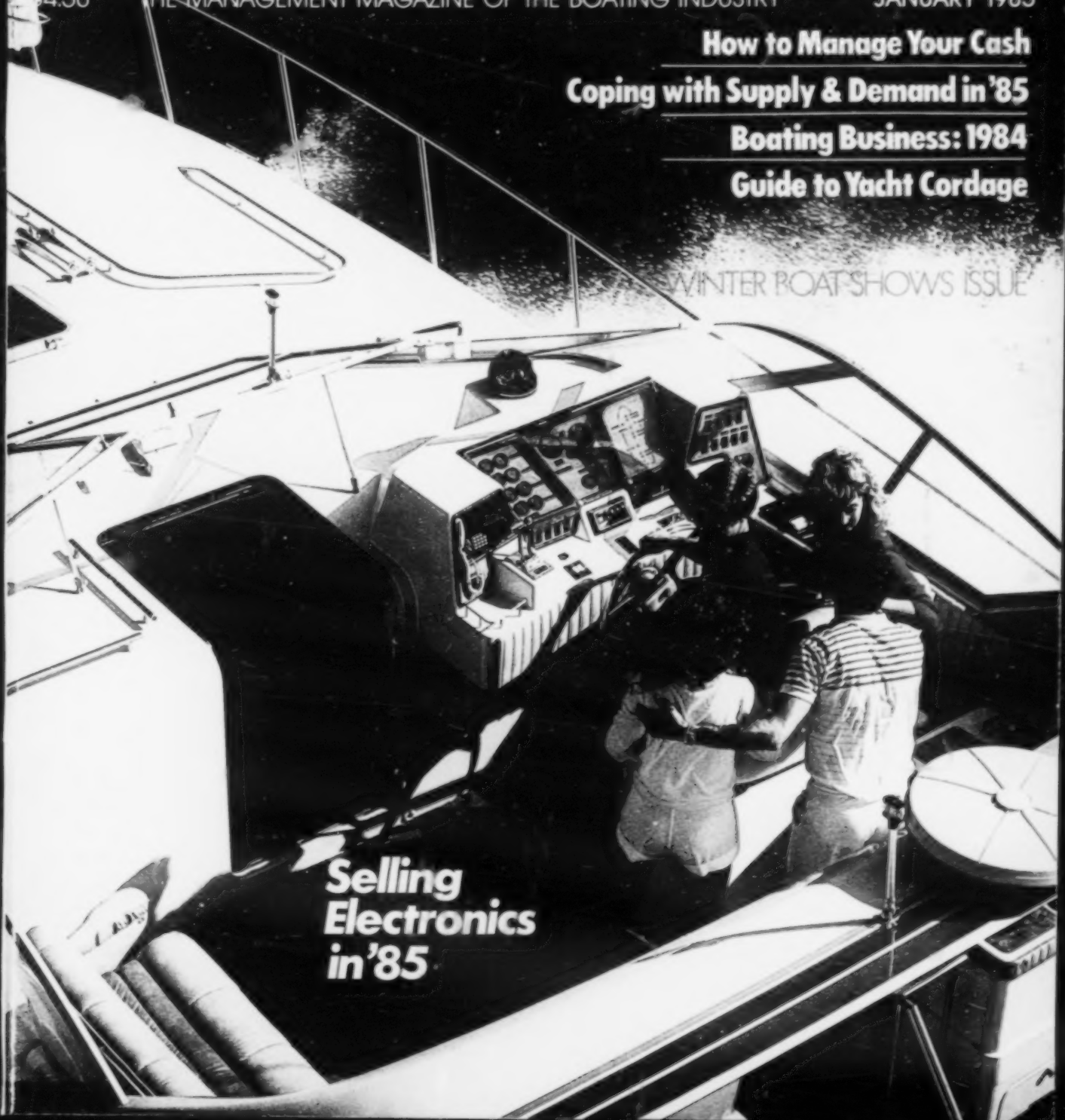
**How to Manage Your Cash**

**Coping with Supply & Demand in '85**

**Boating Business: 1984**

**Guide to Yacht Cordage**

WINTER BOAT SHOWS ISSUE



**Selling Electronics in '85**

# BOATING INDUSTRY

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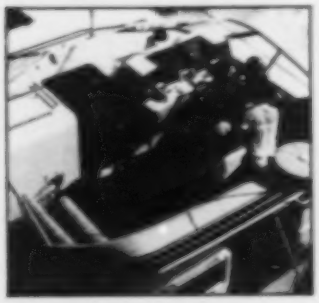
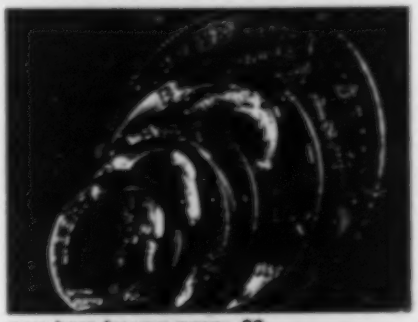


## Cover

The helm of this handsome Trojan 13-meter boasts a full complement of electronics wizardry, reflecting the wants and needs of today's consumer. PHOTO JOHN WISDOM

**BEG PARDON**

We inadvertently neglected to credit Horizons Production Ltd., Inc. for providing the handsome photograph taken by James Stedman which graced the October 1984 issue of BOATING INDUSTRY Magazine.



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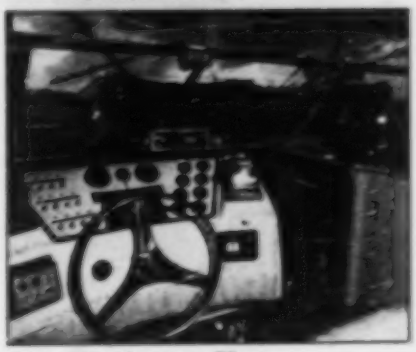

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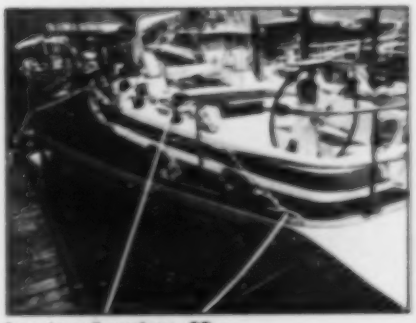

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The year just past was a windfall year for the marine electronics manufacturers. This special report reviews the performance of the market, discusses product innovation for the coming year, and relates the experiences of one aggressive electronics distributor on the West Coast.

$4.95

BOATING INDUSTRY

# The Boating Business

This is a report on the current state of the pleasure boating industry based on the latest information available. The statistics presented here were compiled by the editors of BOATING INDUSTRY for use as business guidelines during 1985. Some figures are based on our own nationwide surveys, others from materials provided by the National Marine Manufacturers Association, the Water Ski Industry Association, the U.S. Coast Guard, the U.S. Chamber of Commerce, and individual manufacturers and groups. Unit sales surged in most categories for 1984, and all indicators point to even stronger sales in 1985.

## 1984

# 1984 Estimates of the Size of the Recreational Boating Industry

**ACROSS THE COUNTRY:**

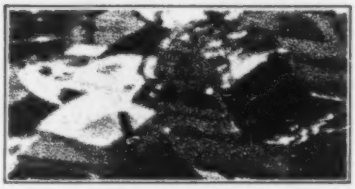
**PEOPLE:** 62,172,000 Americans participated in recreational boating in 1984, having used the waterways more than once or twice during the year.

**WATER SKIERS:** Approximately 15,480,000 went water skiing.

**BOATS:** 13,489,000 pleasure craft made their way through U.S. waters. The following is a breakdown by boat type and propulsion. Due to this format, the total of these individual estimates will exceed the total pleasure craft population estimate quoted above.

**OUTBOARD BOATS:** 7,332,000 outboard boats owned in the U.S.

**INBOARD BOATS:** The 431,000 inboard boats owned include



auxiliary-powered sailboats and boats documented by the U.S. Coast Guard.

**SAILBOATS:** 1,144,000 sailboats without inboard power were in use in 1984 on all waters.

**OPEN-DECK BOATS:** An estimated 111,000 pontoon boats were in use.

**HOUSEBOATS:** 29,600 houseboats were estimated to have been in use.

**INBOARD/OUTDRIVE BOATS:** There were an estimated 944,000 in use at the close of 1984.

**MISCELLANEOUS:** An estimated 3,506,500 rowboats, canoes, dinghies, prams and other miscellaneous craft were owned at the end of 1984.

**OUTBOARD MOTORS:** 9,400,000 outboard motors were in use during 1984.

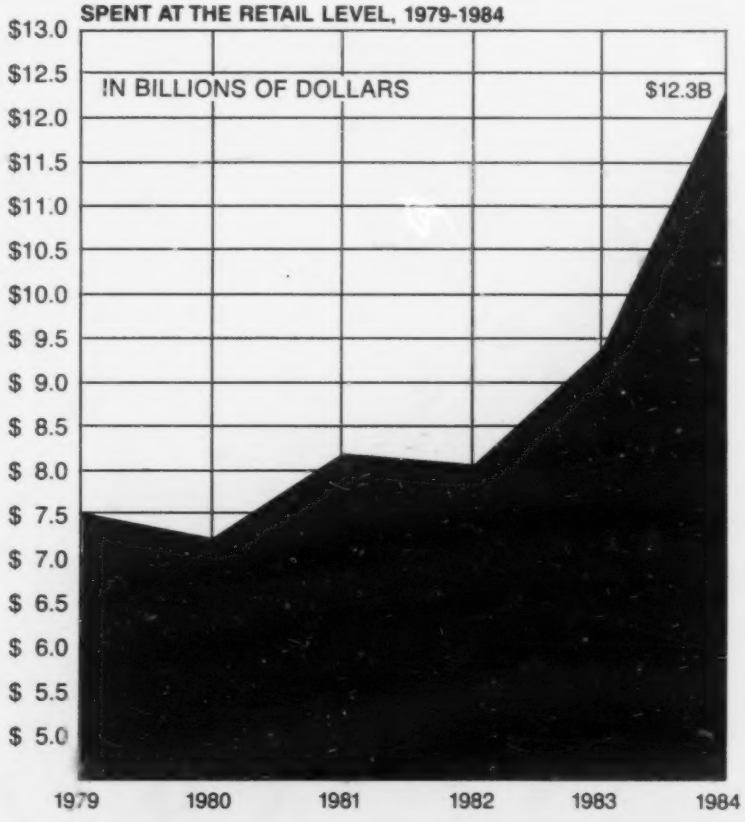
**INBOARD ENGINES:** Approximately 1,632,000 inboard gasoline and diesel engines were owned, including conversions of automotive engines.

**JET DRIVES:** By the end of 1984, it is estimated that the number of jet drives in use was 95,000.

**BOAT TRAILERS:** Approximately 5,008,000 boat trailers were owned in 1984, including those that were both home-made and factory-produced.

**MARINAS:** Approximately 5,789 marinas, boatyards and yacht clubs with waterfront stations served boaters in the United States during 1984. The estimated breakdown is 4,489 marinas and 1,300 boat clubs.

**SPENT AT THE RETAIL LEVEL, 1979-1984**




**1984 SALES ESTIMATES:**

Approximately $12,340,000,000 was spent at the retail level for new and used equipment, services, insurance, fuel, mooring and launching fees, repairs and boat club memberships.

317,000 outboard boats
15,280 inboard boats
108,000 inboard/outdrive boats
3,575 jet drive boats
36,600 non-powered sailboats (not including sailboards)
4,150 auxiliary-powered sailboats
103,000 canoes
14,400 deck & pontoon boats
1,850 houseboats
200,000 boat trailers
411,000 outboard motors
112,750 inboard & I/O engines
30,700 inflatable boats
8,650 air conditioners
401,000 depth sounders
4,450 diesel engines (5 to 60 hp)

**NOTE:** All estimates include consideration of retail sales from dealers' inventories as well as factory shipments. Previous years' data reflect only the latter.

# An Overview of 1984 in the Boating Industry

The boating industry has come a long way since 1979. At that time, the pleasure boating market commenced a downward slide which stayed unreversed until the fall of '82. We have marched back up the growth charts since. And now, as we enter '85, we are coming off our best twelve month growth cycle in years. Across the board, manufacturers, distributors and dealers, reported a blockbuster sales year with an average industry increase topping 20%. Not bad for a business marketplace which could barely stand up on its own two feet only two years ago.

An examination of marine categories across the industry reveals healthy gains. Powerboats, engines, trailers, accessories and small craft—all tabulated sharp increases and were the big winners. in fact overall, money spent at the retail level for new and used boats, motors, engines, safety equipment, fuel, maintenance, insurance, moorings, etc., was a whopping $12,340,000,000 in 1984. In 1983 that figure was $9,375,000,000.

Over all, the revitalization of the pleasure boating market had a lot to do with improved financial markets. For the dealer, it meant the ability to floorplan at better terms since more and more lending institutions were competing for his business. As a result, the dealer was able to fully stock his showroom with product which gave him greater credibility with customers and cut-down delivery time.

For the customer, it meant two things. One, Mr. Boat Buyer had more disposable income in his pocket in 1984 than '83. And two, the improved economy permitted him to spend that disposable income (in the form of a downpayment) on more expensive product knowing that marine loans were widely available, and at terms he could afford.

For the pre-existing boat owner, marine loans were not a concern. His concern was to maintain, even upgrade the boat model he did own by buying perhaps a Satnav system or some other form of marine electronics and accessory items in general.

## A LOOK AT OTHER HAPPENINGS IN THE WORLD OF BOATING

1984 was a year of changes and rearranges in the boating industry; mostly positive. Still, there was a plethora of activity among the boating public, national boaters' organizations, educational groups, state boating administrations and special interest outfits who made news in 1984, if not a few "waves." These waves, at the state and local level, may turn out to be trends important to the entire recreational boating industry. On the other hand, "silent currents" at the grassroots level are also shaping trends to be reckoned with. Let's take a look at some of the trends, opinions and problems which surfaced as issues in 1984:

- Big issue. Slip space shortage. There seems to be a growing trend in the Northeast, Gulf Coast and parts of California regarding this problem. An ever increasing number of condominium developers are buying up shorefront real estate making public accessibility to sea more and more difficult. In addition many of these developers are enticing marina operators and boat dealers (along the water) to scut their businesses for hefty six and seven figure headache-free profits. Many dealers and marina operators have bought the bait. Many more will follow. The result? A trend we have seen already which is the increase in sales of trailerable boats or those 28-feet or less in length.

- Booze and boating. As the number of boats on the water increased in 1984, so did the number of boating accidents and fatalities. Excessive drinking was considered one key cause. As a result, this past June, the U.S. Coast Guard, the National Safe Boating Council and other boating safety organizations, banded together for 1984's "Safe Boating Week." In and of itself, the media event did not have tangible impact. But it did give greater visibility to a growing problem which the U.S. Coast Guard and boating lobbyists in Washington are trying to resolve.

- To not say Ronald Reagan's re-election had an impact on the world of boating would be remiss. It did, and a positive impact at that. In a boating industry poll—manufacturers, dealers, distributors, and reps throughout the marine industry, overwhelmingly wished and received Reagan's re-election, and thus a continuance of the policies which had brought new life to their businesses.

- Another new development in the boating industry was the emergence that the Coast Guard wanted out of enforcing MSD (marine sanitation device) requirements. That emergence was based on a Coast Guard study of the MSD program. The program, administered under regulations of both the Coast Guard and the Environmental Protection Agency (EPA), stipulated that recreational or commercial vessels 65-feet or less with installed heads, must have certified Type 1 flow-thru treatment devices, or Type 3 holding tanks. The program had been in place for twenty years. But now, with this new study, the Coast Guard and EPA were seeking to abolish all existing federal requirements and give states the choice of either administering the program, or having no program at all. The jury is still out on this one.

- Will the product pipeline be too full or too empty? This was a question which pervaded the minds of manufacturers, dealers and distributors throughout the 1984 boating season. At the beginning of the year, the pipeline was most definitely empty, with boat, engine and accessory makers scrambling to meet a demand they had not seen in years. The result was an immediate, if not massive expansion of production capability which occurred just in the nick of time to meet the pent-up purchasings of America's boating public. With 1984 at a close, that pipeline is still relatively empty. But how long will it last? Will the American economy reverse itself, de-stabilize, leaving a glut of unsold product on dealer and distributor shelves? This underlying question should continue through 1985, with cautious optimism the keynote.

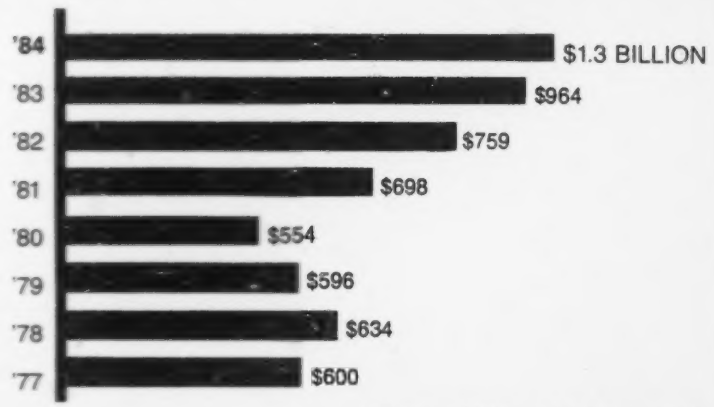
# Sales of New Outboard Boats, Motors and Inboard/Outdrive Boats

IN DOLLARS AND UNITS

| | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|
| **$3,148 AVERAGE RETAIL COST OF 1984 OUTBOARD MOTOR** | | | | |
| Total units sold | 318,000 | 293,000 | 337,000 | 411,000 |
| Retail value | $698,010,000 | $758,870,000 | $963,820,000 | $1,293,828,000 |
| Average Value | $2,195 | $2,590 | $2,860 | $3,148 |
| **$2,234 AVERAGE RETAIL COST OF 1984 OUTBOARD BOAT** | | | | |
| Total units sold | 281,000 | 236,000 | 273,000 | 317,000 |
| Retail value | $431,335,000 | $408,752,000 | $501,501,000 | $708,178,000 |
| Average value | $1,535 | $1,732 | $1,837 | $2,234 |
| **$13,352 AVERAGE RETAIL COST OF 1984 INBOARD/OUTDRIVE BOAT** | | | | |
| Total units sold | 51,000 | 55,000 | 79,000 | 108,000 |
| Retail value | $652,545,000 | $685,850,000 | $974,860,000 | $1,442,016,000 |
| Average value | $12,795 | $12,470 | $12,340 | $13,352 |
| **$734 AVERAGE RETAIL COST OF 1984 TRAILER** | | | | |
| Total units sold | 190,000 | 160,000 | 184,000 | 200,000 |
| Retail value | $98,990,000 | $99,360,000 | $121,624,000 | $146,800,000 |
| Average value | $521 | $621 | $661 | $734 |

# Outboard Motor Sales

The average retail cost of an outboard motor surpassed the $3,000 mark for the first time in history. In 1984 the average outboard retailed for $200 more than the previous year—a price increase of approximately 7.5%. Price increases in '83 over '82 averaged about 10%. The spiraling price of outboards is making the power option more expensive than the cost of the average outboard boat. Unit sales of outboards were up approximately 21%—their best showing in four years. Gains in total dollar sales over '83 amounted to a healthy 28%.




IN MILLIONS OF DOLLARS

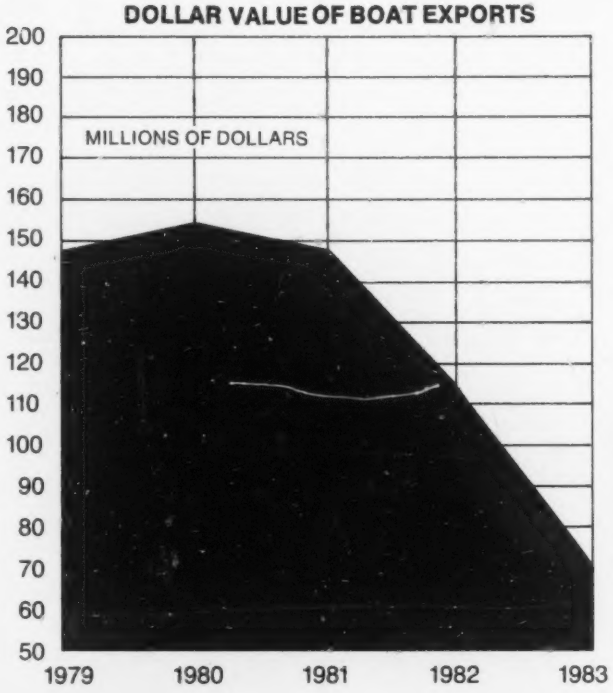
# Exports Drop 37% in Dollar Value

Not since 1975, has the U.S. export market for pleasure boats and accessories done so poorly. For 1983 (the latest figures available), the dollar value of boat exports plummeted 37% to $71,537,000. This compared to total boat export sales of $113,661,000 in 1982.

Marine analysts attribute the sharp decline in boat exports to a strong U.S. dollar making prohibitive the purchase of American-made products with foreign currency. Dramatic drops in the foreign exchange value of the British pound, French franc and Italian lira, among others, have meant that once vibrant overseas markets for U.S. marine goods have virtually disappeared.

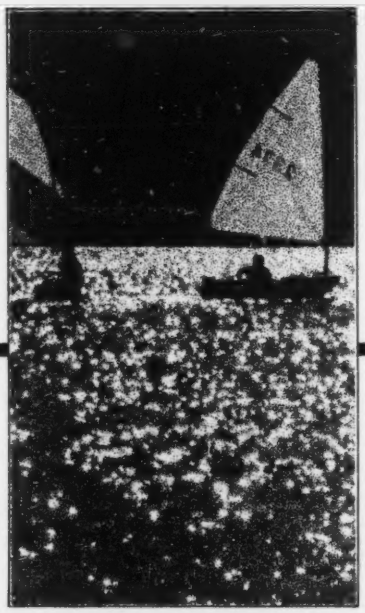
In terms of dollar volume, the leading markets for U.S. pleasure boats & accessories in 1983 were, in the following order: Canada ($13.9M); Italy ($5.5M); Great Britain ($5.5M); West Germany ($4.6M); France ($4.2M); Kuwait ($3.3M); Venezuela ($2.0M); and the Dominican Republic ($1.1M). Despite their preeminent status, all of these countries saw declines for purchases of U.S. pleasure boats & accessories in 1983.

**DOLLAR VALUE OF BOAT EXPORTS**




**DOLLAR VALUE OF BOAT EXPORTS**

| Year | Value | % Change |
|---|---|---|
| 1983 | $ 71,537,000 | −37 |
| 1982 | $113,661,000 | −21.7 |
| 1981 | $145,136,693 | −26.0 |
| 1980 | $154,842,274 | +8.9 |
| 1979 | $142,148,702 | +60.2 |
| 1978 | $ 88,724,112 | +13.2 |
| 1977 | $ 77,983,753 | +4.8 |
| 1976 | $ 74,434,542 | +20.5 |
| 1975 | $ 61,781,000 | −43.7 |

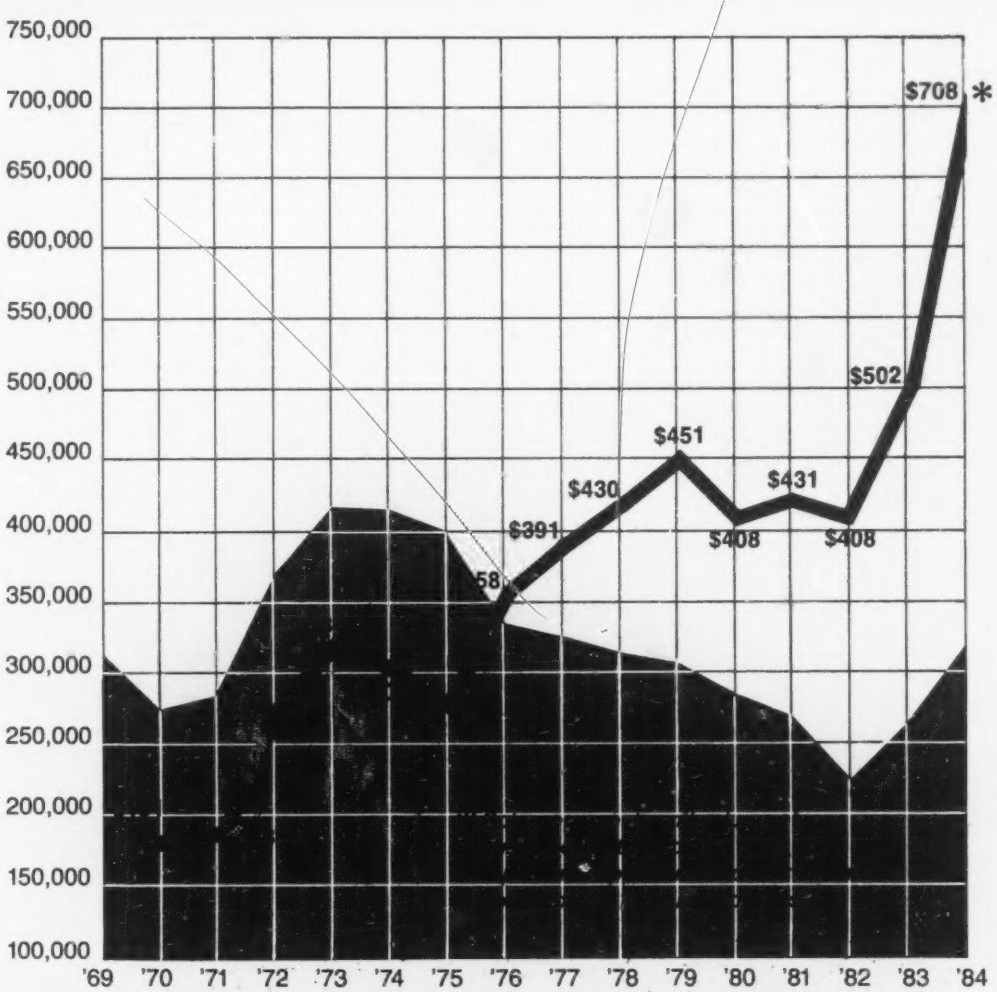


**BEST EXPORT MARKETS**

The markets listed below appear to be the most promising for U.S. exports of pleasure boats & accessories over the next two years. *Source: U.S. Chamber of Commerce*

| | |
|---|---|
| Japan | Kuwait |
| Canada | Saudi Arabia |
| Italy | Bahrain |
| West Germany | Venezuela |
| Great Britain | Singapore |
| France | Dominican Republic |

# Outboard Boat Sales Show Dramatic Surge




For the first time in the history of the industry more than $700 million dollars was spent for new outboard boats in 1984. At the same time this 28% increase in dollar sales was being recorded, unit sales increased by a healthy margin. A total of 317,000 new boats were sold—and from the dealer's perspective there were corresponding increases in unit sales of motors and accessories as a result of pent-up consumer demand. This demand translated into the expenditure of disposable income for new boats and motors even though the retail price of both increased by healthy margins. For instance, the average unit cost of boats increased from $1,837 in 1983 to $2,234 in 1984. Correspondingly, the average unit cost of motors increased from $2,860 in '83 to $3,148 in '84.

Despite these increases, consumers continued to spend with an ever increasing eye towards "quality." They also tended to "trade-up" to larger models more frequently than they did in 1983. In summation then, 1984 saw consumers pursuant of larger boat and engine models as the nation's interest rates stabilized to acceptable levels where marine financing was both affordable and highly available.

# Average Length of Outboard Boats Increases to an Average of Sixteen Feet

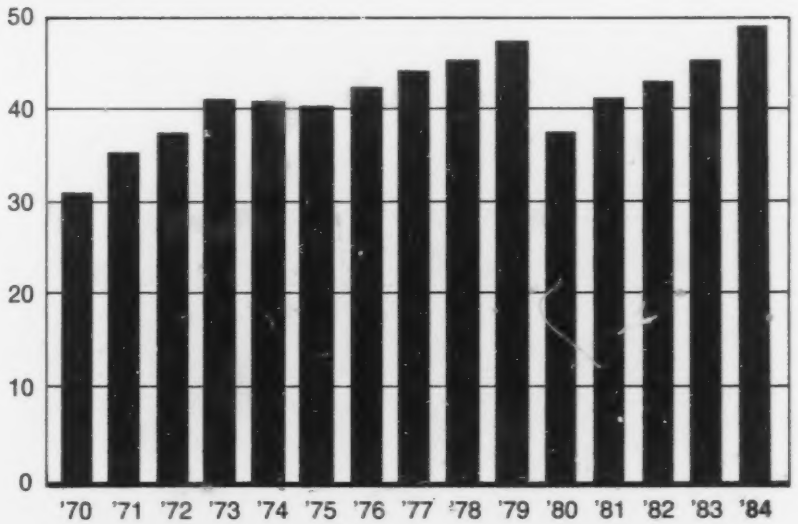
**AVERAGE LENGTH**

| 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|---|---|
| 14.4 FEET | 14.8 FEET | 14.9 FEET | 15.1 FEET | 16.3 FEET | 15.8 FEET | 15.8 FEET | 15.8 FEET | 15.8 FEET | 16.0 FEET |

For the first time since 1979 and the height of the marine industry, the average length of outboard boats increased to 16 feet. There are numerous explanations why. For one, consumers in their quest for quality and size, traded-up to larger models. A robust 1984 economy was the chief cause as interest rates and inflation both decreased to manageable levels enabling the Average Family to make new boat purchases or upgrade old ones. In addition, fuel prices stabilized to lower, more manageable levels offsetting the increased cost of outboard engines to the consumer. The drop in fuel prices also meant that many consumers who once turned to sail for fuel savings, returned to power. And returned in a big way. It also meant that more members of the Average Family were taking part in recreational boating. This can be seen in the increased popularity of not only water-skiing, but fishing, of all kinds. In fact, the sportfishing segment of the outboard boat market was a key contributor to the increased average length of boat models. All together then, Mr. Average Dealer had a bonanza year supplying new and old customers with larger models and thus, larger profits.

# Outboard Motor Horsepower... A Steadily Upward Trend

Ever since 1980, the average horsepower of outboard motors has risen steadily and 1984 was no different. In fact, the average horsepower today is higher than it's ever been. Technical improvements such as increased fuel efficiency and lighter weight parts, have all contributed to this record level. Certainly increased competition from Japanese manufacturers has also been a factor which has spurred technological improvements throughout the marketplace. This trend should continue into 1985.

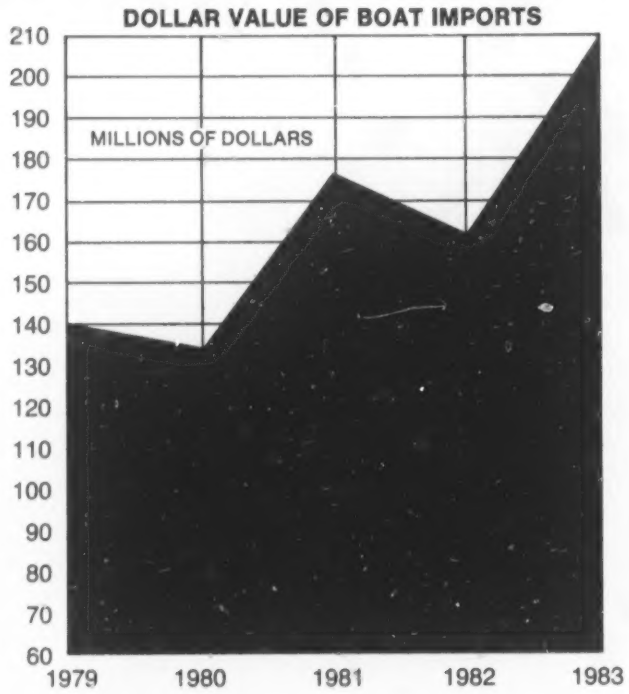


# 1983 Imports Show Hefty 32% Increase

The U.S. experienced a 32% increase in boat imports for 1983 translating into a dollar volume of $210,202,000 versus $151,225,000 in 1982. The percentage increase in boat imports then, was nearly inversely proportional to the decline in U.S. boat exports. In terms of Dollar Volume, the countries from whom the U.S. imported the most boats were: Taiwan ($67.7M); Canada ($35.7M); France ($17.5M); Great Britain ($11.2M); Hong Kong ($10.7M); Japan ($10.0M); Singapore (8.4M); Italy ($7.7M); The Netherlands ($5.9M); Sweden ($4.0M); Australia ($2.6M).

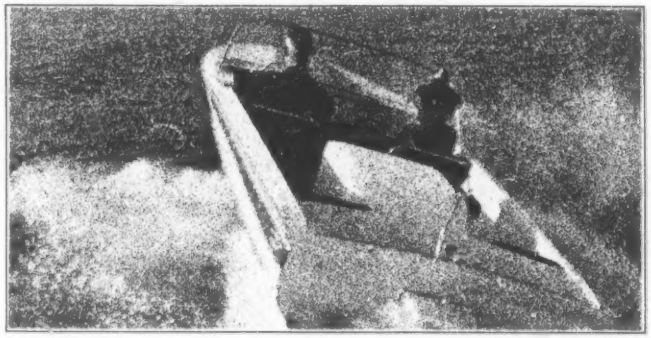
**DOLLAR VALUE OF BOAT IMPORTS**

| Year | Value | % Change |
|---|---|---|
| 1983 | $210,202,000 | +32 |
| 1982 | $151,225,000 | −8.2 |
| 1981 | $164,712,949 | +28.0 |
| 1980 | $128,233,550 | −4.7 |
| 1979 | $134,541,117 | +27.3 |
| 1978 | $105,657,112 | +32.1 |
| 1977 | $ 79,965,379 | +41.4 |
| 1976 | $ 56,587,692 | +9.1 |
| 1975 | $ 51,873,352 | −15.0 |



# Accidents Up in 1983

Boating accidents were up sharply and across-the-board in 1983, with the possibility that trend will continue through 1984 and 1985. Why? The sheer increase in the number of boats on the water is a major factor. This increase is attributable not only to a surge in new boat sales, but also the ever increasing frequency of established owners and their family's cruising the waters. However, as these boaters become more experienced and the market finds a comfortable growth plateau, these figures should drop.

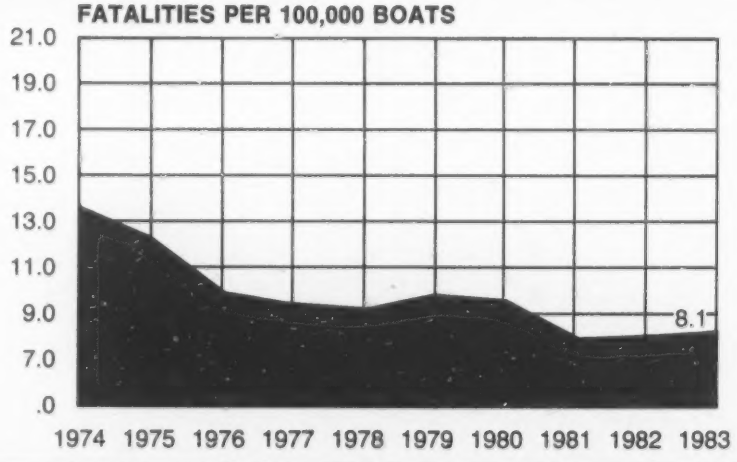


| 1980 | 1981 | 1982 | 1983 | |
|---|---|---|---|---|
| 5,513 | 5,128 | 5,377 | 5,569 | boating accidents reported to the Coast Guard |
| 6,954 | 6,573 | 7,071 | 7,344 | boats involved in accidents reported to the Coast Guard |
| 1,360 | 1,208 | 1,178 | 1,241 | lives lost in boating accidents reported to the Coast Guard |
| 2,650 | 2,438 | 2,682 | 2,913 | persons injured non-fatally in boating accidents reported to the Coast Guard |

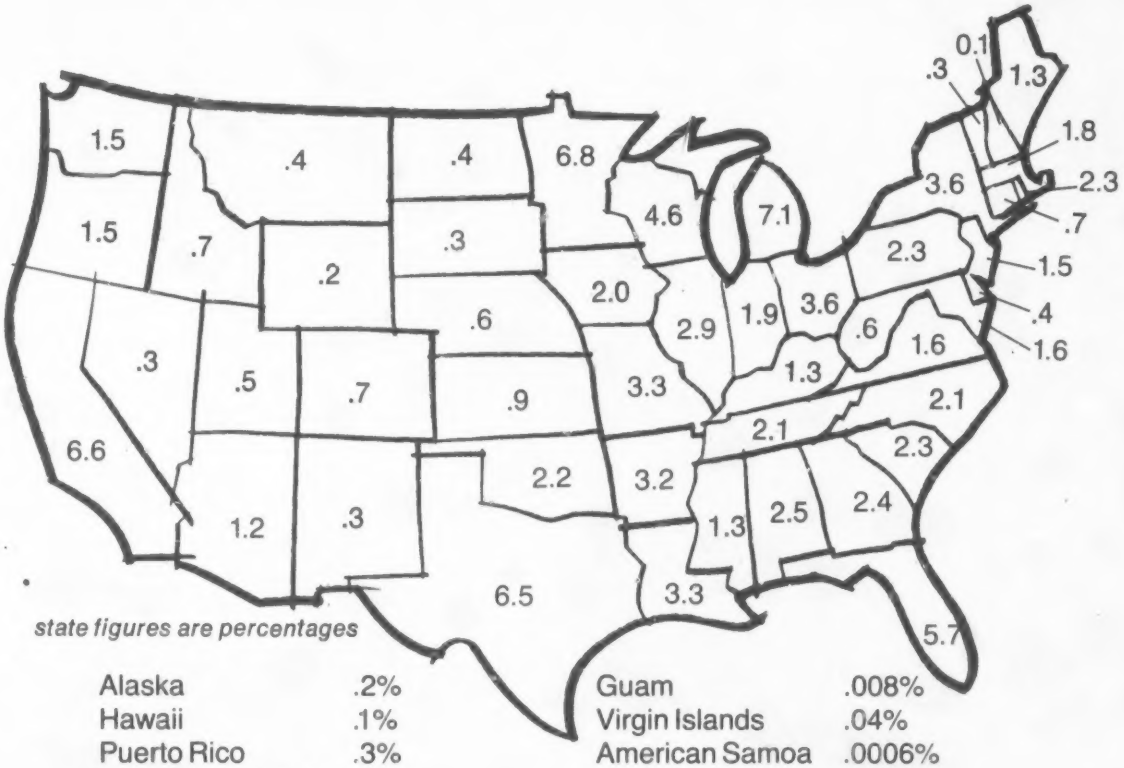
# Fatalities Rise: Death Rate Per 100,000 Boats Increases to 8.1

In 1983, the death rate per 100,000 boats has increased.

This increase cannot be explained by the sudden bevy of new boats on the water, as much as the buyers who use them. They are first-time buyers. And many marine analysts believe the fatality rate increase can be correlated to their lack of familiarity with safety regulations and overlooking necessary precautions on the water. In short, boater inexperience is the key problem here; a problem which should slowly recede with time, as should the fatality rate.



# Distribution of 9,350,533 Registered Boats by State




*state figures are percentages*

| | | | |
|---|---|---|---|
| Alaska | .2% | Guam | .008% |
| Hawaii | .1% | Virgin Islands | .04% |
| Puerto Rico | .3% | American Samoa | .0006% |
| District of Columbia | .05% | Northern Marianas | .001% |

| States | Population (thousands) | Total Registered Boats | % of Total Registered Boats in the U.S. | One Boat Per ( ) Persons | Sq. Miles Inland Water | Miles of Coastal Shoreline | EFFECTIVE BUYING INCOME: Per Capita | Median Household | Total Households (thousands) | Total Households over $20,000 (thousands) |
|---|---|---|---|---|---|---|---|---|---|---|
| **NEW ENGLAND—589,368 REGISTERED BOATS 6.4%** | | | | | | | | | | |
| Connecticut | 3,133.1 | 66,881 | 0.7 | 46.8 | 147 | 618 | 12,505 | 30,529 | 1,127.1 | 792.7 |
| Maine | 1,154.2 | 116,417 | 1.3 | 10.0 | 2,270 | 3,478 | 8,343 | 19,998 | 419.1 | 209.5 |
| Massachusetts | 5,764.9 | 161,137 | 1.8 | 35.8 | 460 | 1,519 | 10,710 | 25,957 | 2,107.7 | 1,319.1 |
| New Hampshire | 964.5 | 6,579 | 0.1 | 146.6 | 286 | 131 | 9,845 | 24,318 | 345.8 | 209.8 |
| Rhode Island | 954.3 | 209,615 | 2.3 | 4.5 | 158 | 384 | 9,838 | 23,471 | 350.5 | 203.4 |
| Vermont | 528.9 | 28,737 | 0.3 | 18.4 | 341 | — | 8,609 | 20,727 | 190.2 | 99.0 |
| **MIDDLE ATLANTIC—1,625,522 REGISTERED BOATS 17.7%** | | | | | | | | | | |
| Delaware | 608.3 | 36,167 | 0.4 | 16.8 | 112 | 381 | 10,460 | 26,174 | 215.2 | 136.0 |
| District of Columbia | 618.4 | 4,524 | — | 136.7 | — | — | 12,977 | 25,692 | 248.1 | 153.5 |
| Georgia | 5,777.4 | 219,876 | 2.4 | 26.3 | 854 | 2,344 | 8,708 | 21,144 | 2,014.9 | 1,062.6 |
| Maryland | 4,327.7 | 142,515 | 1.6 | 30.4 | 623 | 3,190 | 10,908 | 27,677 | 1,529.4 | 1,014.4 |
| New Jersey | 7,484.6 | 138,367 | 1.5 | 54.1 | 319 | 1,792 | 11,643 | 29,026 | 2,668.0 | 1,796.6 |
| New York | 17,740.7 | 327,700 | 3.6 | 54.1 | 1,731 | 1,850 | 10,835 | 25,272 | 6,518.1 | 3,954.5 |
| North Carolina | 6,120.3 | 192,432 | 2.1 | 31.8 | 3,826 | 3,375 | 8,299 | 19,865 | 2,200.0 | 1,091.9 |
| Pennsylvania | 11,916.6 | 209,241 | 2.3 | 57.0 | 420 | 89 | 9,785 | 23,599 | 4,382.0 | 2,564.0 |
| South Carolina | 3,306.8 | 209,615 | 2.3 | 15.8 | 909 | 2,876 | 7,729 | 19,344 | 1,139.5 | 549.5 |
| Virginia | 5,583.5 | 145,085 | 1.6 | 38.5 | 1,063 | 3,315 | 9,953 | 24,201 | 1,975.5 | 1,180.9 |

The source of the figures used in the Effective Buying Income section and Population section are from the July, 1984 issue of *Sales and Marketing Management*. The figures are estimated for 12/31/83.

The source of the figures used in the Inland Water section is the U.S. Bureau of the Census, Areas of the U.S., 1980 State Area Management Print-out.

The source of the Coastal Shoreline figures is the U.S. National Oceanic and Atmospheric Administration, *the Coastline of the U.S.*, 1975.

| States | Population (thousands) | Total Registered Boats | % of Total Registered Boats in the U.S. | One Boat Per( ) Persons | Sq. Miles Inland Water* | Miles of Coastal Shoreline | EFFECTIVE BUYING INCOME | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Per Capita | Median Household | Total Households (thousands) | Total Households over $20,000 (thousands) |
| **GULF COAST—1,775,313 REGISTERED BOATS 19.4%** | | | | | | | | | | |
| Alabama | 3,990.4 | 227,657 | 2.5 | 17.5 | 938 | 607 | 7,973 | 18,732 | 1,429.0 | 679.6 |
| Florida | 10,815.5 | 526,495 | 5.7 | 20.5 | 4,511 | 5,095 | 9,892 | 20,794 | 4,200.7 | 2,183.2 |
| Louisiana | 4,471.7 | 303,044 | 3.3 | 14.8 | 3,230 | 7,721 | 8,798 | 21,161 | 1,565.8 | 821.1 |
| Mississippi | 2,605.1 | 123,249 | 1.3 | 21.1 | 456 | 359 | 7,102 | 17,020 | 879.7 | 374.3 |
| Texas | 15,896.8 | 594,868 | 6.5 | 26.7 | 4,790 | 3,359 | 9,714 | 23,412 | 5,601.5 | 3,219.4 |
| **EAST CENTRAL—957,911 REGISTERED BOATS 10.5%** | | | | | | | | | | |
| Arkansas | 2,350.1 | 293,928 | 3.2 | 8.0 | 1,109 | — | 7,350 | 16,821 | 844.0 | 349.1 |
| Kentucky | 3,753.2 | 114,767 | 1.3 | 32.7 | 740 | — | 8,186 | 19,237 | 1,350.3 | 650.2 |
| Missouri | 4,990.3 | 302,730 | 3.3 | 16.5 | 752 | — | 9,248 | 21,460 | 1,843.8 | 984.4 |
| Tennessee | 4,719.8 | 192,018 | 2.1 | 24.6 | 989 | — | 8,491 | 19,839 | 1,692.5 | 839.4 |
| West Virginia | 1,973.5 | 54,468 | 0.6 | 36.2 | 112 | — | 7,832 | 18,813 | 714.9 | 335.8 |
| **GREAT LAKES—2,481,865 REGISTERED BOATS 27.1%** | | | | | | | | | | |
| Illinois | 11,511.2 | 270,043 | 2.9 | 42.6 | 700 | — | 10,692 | 26,016 | 4,227.6 | 2,647.8 |
| Indiana | 5,526.3 | 174,479 | 1.9 | 31.7 | 253 | — | 8,969 | 22,802 | 1,961.1 | 1,119.0 |
| Michigan | 9,129.3 | 654,143 | 7.1 | 14.0 | 1,573 | — | 9,915 | 25,525 | 3,230.1 | 2,000.8 |
| Minnesota | 4,168.4 | 622,872 | 6.8 | 7.0 | 4,854 | — | 9,913 | 24,365 | 1,504.7 | 900.5 |
| Ohio | 10,767.4 | 334,423 | 3.6 | 32.2 | 325 | — | 9,614 | 23,390 | 3,995.8 | 2,324.6 |
| Wisconsin | 4,766.1 | 425,905 | 4.6 | 11.2 | 1,727 | — | 9,755 | 24,206 | 1,736.4 | 1,042.7 |
| **WEST COAST—879,160 REGISTERED BOATS 9.6%** | | | | | | | | | | |
| California | 25,332.3 | 605,387 | 6.6 | 41.8 | 2,407 | 3,427 | 11,222 | 26,040 | 9,386.6 | 5,855.1 |
| Oregon | 2,675.7 | 138,131 | 1.5 | 19.4 | 889 | 1,410 | 9,118 | 20,825 | 1,032.4 | 538.8 |
| Washington | 4,346.7 | 135,642 | 1.5 | 32.0 | 1,627 | 3,026 | 10,353 | 23,852 | 1,656.0 | 971.2 |
| **MIDWEST MOUNTAIN—984,936 REGISTERED BOATS 10.7%** | | | | | | | | | | |
| Arizona | 3,020.5 | 107,033 | 1.2 | 28.2 | 492 | — | 8,979 | 20,889 | 1,120.8 | 585.7 |
| Colorado | 3,183.5 | 64,367 | 0.7 | 49.4 | 496 | — | 10,665 | 24,713 | 1,208.5 | 735.6 |
| Idaho | 1,003.5 | 64,703 | 0.7 | 15.5 | 1,153 | — | 8,123 | 20,510 | 348.1 | 178.8 |
| Iowa | 2,934.0 | 185,129 | 2.0 | 15.8 | 309 | — | 9,602 | 22,461 | 1,108.8 | 621.8 |
| Kansas | 2,430.2 | 81,919 | 0.9 | 29.7 | 499 | — | 10,383 | 23,448 | 924.1 | 535.9 |
| Montana | 822.6 | 32,981 | 0.4 | 24.9 | 1,657 | — | 8,674 | 20,253 | 308.8 | 156.4 |
| Nebraska | 1,603.4 | 50,994 | 0.6 | 31.4 | 711 | — | 9,652 | 22,445 | 594.4 | 332.1 |
| Nevada | 904.6 | 30,273 | 0.3 | 29.9 | 667 | — | 10,749 | 23,546 | 358.6 | 210.1 |
| New Mexico | 1,416.7 | 30,919 | 0.3 | 45.8 | 258 | — | 8,347 | 20,168 | 496.5 | 250.3 |
| North Dakota | 687.0 | 38,134 | 0.4 | 18.0 | 1,403 | — | 9,957 | 23,960 | 244.6 | 144.3 |
| Oklahoma | 3,345.8 | 202,641 | 2.2 | 16.5 | 1,301 | — | 9,440 | 21,276 | 1,245.6 | 659.9 |
| South Dakota | 705.8 | 29,305 | 0.3 | 24.1 | 1,164 | — | 8,735 | 19,824 | 259.4 | 128.6 |
| Utah | 1,642.4 | 47,152 | 0.5 | 34.8 | 2,826 | — | 7,807 | 23,023 | 503.1 | 291.7 |
| Wyoming | 517.5 | 19,386 | 0.2 | 26.7 | 820 | — | 10,630 | 26,494 | 190.1 | 122.2 |
| **NON CONTIGUOUS—56,458 REGISTERED BOATS 0.6%** | | | | | | | | | | |
| Alaska | 499.6 | 17,082 | 0.2 | 29.2 | 20,171 | 31,383 | 12,548 | 32,546 | 169.9 | 120.4 |
| Hawaii | 1,033.4 | 12,604 | 0.1 | 82.0 | 46 | 1,052 | 10,206 | 27,917 | 326.2 | 215.7 |
| American Samoa | | 73 | — | | | | | | | |
| Guam | | 680 | — | | | | | | | |
| N. Marianas | | 134 | — | | | | | | | |
| Puerto Rico | | 23,013 | 0.3 | | | | | | | |
| Virgin Islands | | 2,872 | — | | | | | | | |

* Excludes the waters of the adjacent Great Lakes. Areas listed in sq. miles: Lake Michigan (22,178), Lake Erie (5,002), Lake Superior (21,116), Lake Huron (8,975).

# The Average Dealer, 1984

For the average marine dealer, 1984 seemed like a breath of fresh air. A resurfacing of sorts, after nearly five years of drowning—or at least gasping, in a sea of economic disarray. In those days, discounting coupled with high interest rates and inflation made it prohibitive for dealers to floorplan and consumers to finance. Many retailers saw established peers forced to close their shops and wondered if the same fate did not wait for them. In short, it was a time of fear and disillusionment.

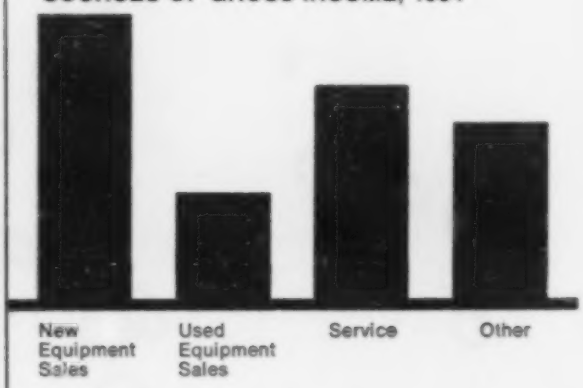
1984 however, replaced that fear and disillusionment with courage and optimism as dealers across-the-board (from power to sail) and across the country, experienced a dramatic growth year. For some, the best year in their history.

In 1984, the average marine dealer reaped a 25% increase in gross sales over the previous year. In 1983 the average retailer grossed approximately $555,000. But in 1984 he grossed $693,750; an increase of $138,750. However, if that marine retailer operated a waterfront facility, he fared even better; grossing an average of more than $1 million.

As for product breakdown, the average marine dealer who sold powerboats, or a high mix thereof, did better than the retailer who emphasized sail. Considerably better. Even so, both types of dealers, on average, also offered servicing and accessories and did well in these areas. Many dealers referred to it as the "quiet backbone" of their business. A backbone first reinforced during the "recession years" to counter sluggish boat and engine sales.

For 1985, the average marine dealer is more optimistic than ever; especially with Ronald Reagan's re-election. He is also more sophisticated than ever, with many retailers opting for office computers to organize their budgets and inventories. If present statistics hold true, 1985 should be a bonanza year!

**SOURCES OF GROSS INCOME, 1984**

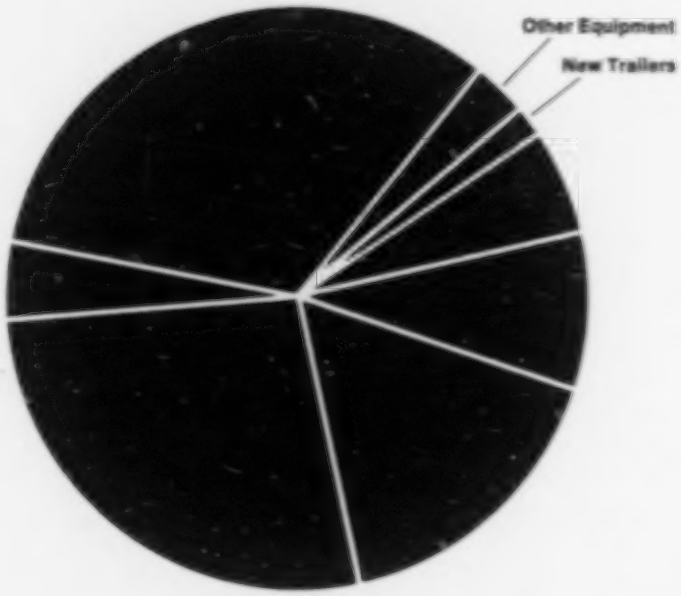


# Marinas and Boatyards, 1984

Industry sources indicate that at the end of 1984, there were approximately 5,789 marinas, boatyards and yacht clubs in operation—down from 5,919 in 1983. The decline can be attributed to those operators who had streamlined their business, sold their waterfront real estate to condominium developers, or those who were simply the last to be winnowed out from the economic whiplash of preceding years.

Of the combined 5,789 figure, 4,489 could be classified as marinas and 1,300 as boat clubs. This would indicate the amount of boat clubs had declined compared with 1983; by as much as 200. It also points to a growing problem particularly in the Northeast: a lack of slip space. Various Sun Belt areas and parts of California and Florida have also experienced this dilemma. On the other hand, the trend toward dockominiums and waterfront housing developments incorporating private marina facilities, continued to gain strength. However, waterfront attrition of slip space still outweighs this growing trend.

**MARINA INCOME: WHERE THE DOLLARS COME FROM**




# The Water Ski Market

**PEOPLE:** 15,480,000 persons participated in water skiing at least once during 1984.

**UNIT SALES BY TYPE:**
514,600 combination/regular skis
126,800 slalom skis
6,900 trick skis
1,450 jump skis

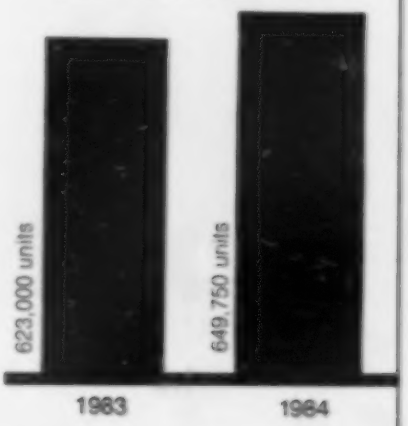
**TOTAL DOLLAR SALES:** Total dollar sales in 1984 at the wholesale level amounted to $62,567,000; approximately an 18% increase over 1983 wholesale dollar sales of $50,257,000.

**WATER SKI SALES:** The total wholesale dollar value of water ski unit sales in 1984 was $37,250,000; a 15% increase over 1983's volume of $32,175,000.

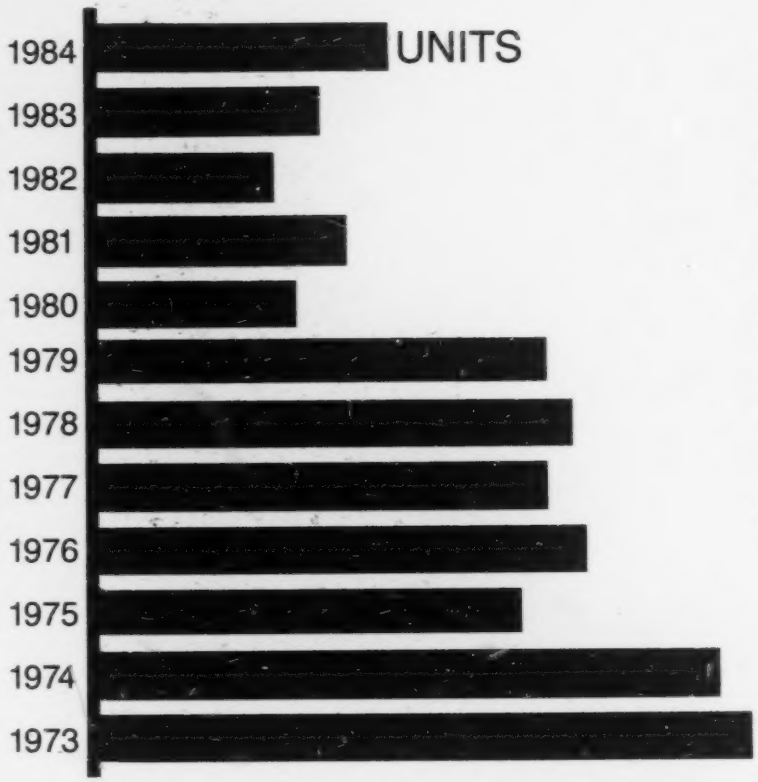
**WATER SKI ACCESSORY SALES:** At the wholesale level, sales of $20,430,000 were reported for vests, ropes, and other water ski accessories; a 13% jump over the previous year's sales of $18,082,000.

*Figures tabulated from several sources including the Water Ski Industry Association, North Palm Beach, Fla.*

**UNIT SALES OF WATER SKIS**



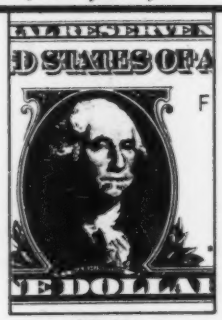
# The Trailer Market Sees Healthy Gains




For the first time since 1979, total units sold of new boat trailers topped the 200,000 mark; up 16,000 units from 1983. In addition, the average unit cost rose $73, from $661 in 1983 to $734 in 1984. Finally, total sales expanded in 1984 by more than $25 million dollars.

In short, the trailer market experienced a sold growth year as consumers who traded-up to larger boat models, also purchased larger trailers. Also, the growing shortage of slip space throughout the country, contributed to the healthy rise in trailer sales. In addition, the growing popularity of water skiing and sportfishing has enhanced the growth of the trailer market in that boats for such recreational pastimes require, for the most part, trailers.

**TOTAL SALES**

| $98,990,000 | $99,360,000 | $121,624,000 | $146,800,000 |
|---|---|---|---|
| | |  | |
| $521 | $621 | $661 | $734 |
| 1981 | 1982 | 1983 | 1984 |

AVERAGE RETAIL COST

# The Financial Marketplace

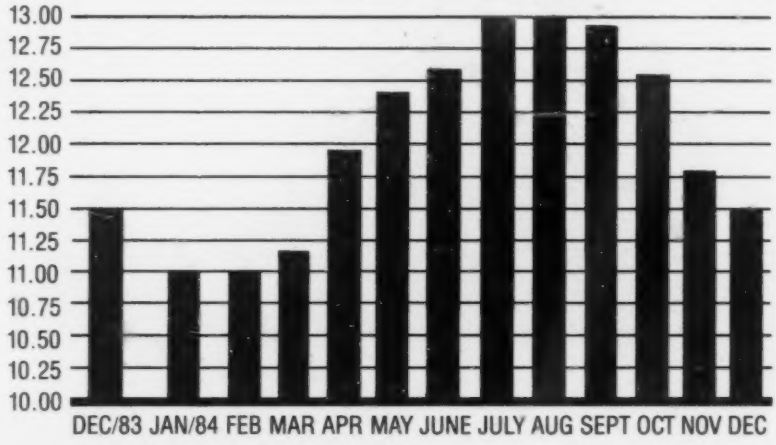
## FINANCING LOOSENS UP

In 1984, the financial marketplace created a climate of confidence whereby dealers could floorplan without trepidation, and consumers could finance without fear. It was a year which showed remarkable stability; beginning in January with an average prime interest rate of 11%, ending in December with a figure of 11.50%. In between, however, we had a hill-valley effect with the average prime rate steadily rising to its highest level—13% in July and August—and then slowly declining by nearly two points in November; primarily due to presidential politics and election balloting.

What it meant for the pleasure boating industry was a bonanza year in sales which reached their highest levels since 1978-1979. It meant, in short, that the pipeline was empty—a major coup for manufacturers who entered 1984 wondering if dramatically expanded production plans would be shoved down their throats. A major coup could also be claimed by dealers who recorded record sales despite occasional product shortages in the beginning of the year. In addition, dealers found it easier to floorplan this product due to the increased number of willing lenders.

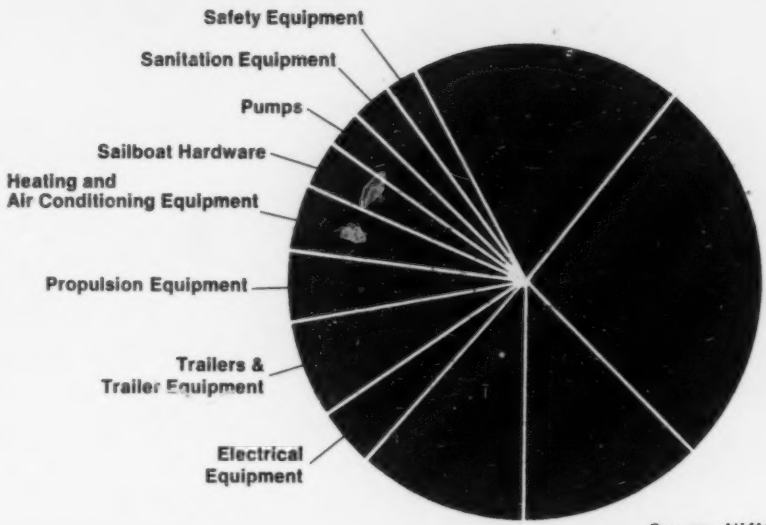
Besides marine finance companies, commercial banks, and savings and loan institutions, dealers also found more and more boatbuilders willing to factory floorplan. This trend should continue through 1985.

**PRIME RATE PROFILE FOR 1984**




# The Accessories Market Gains

In 1984, the accessories market experienced total sales of $818,265,000; an increase of nearly 25% over 1983 figures. The increased sales figures is due primarily to existing boat owners who participated in our economic rejuvenation by purchasing "extra items" for their boat. Everything from swim ladders and foul-weather gear to advanced marine electronic units, found a home with the American boater primarily because they were cash or credit card purchases at a time of peaked disposable income. For 1985, all indicators point to the continuance of this trend, with an even greater increase in total accessory sales.




*Source: NMMA*

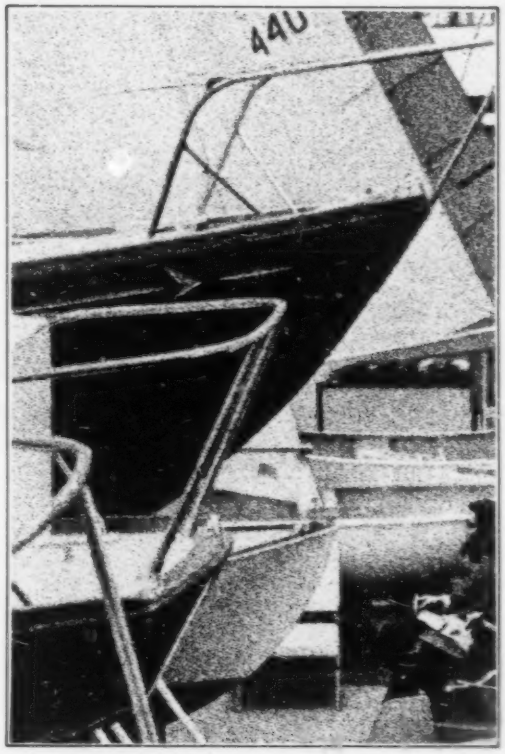
# Sailboat Market: Mixed Results

As in 1983, the sailboat market made progress in 1984. But once again it followed the Old Chinese Rule of the Road, "Big Boat Go First," as far as units sold could be measured. The non-powered boats (excluding sailboards) were down in terms of total units sold. However, dollar volume was higher than '83 figures because the average retail unit cost increased. For auxiliary-powered sailboats, 30 feet and under, declines were experienced in both total units sold and total sales. It was only in auxiliary-powered sailboats, 30 feet and over, where gains were seen across the board. Total units sold and dollar volume all were up in this category, while the average retail price declined from $86,435 to $79,140; the only price decline of the three categories.

The sailboat market then, continues to be the weak link of the marine industry with larger auxiliaries the only category showing appreciable growth, approximately 25%.

According to sailmakers, downturn in sailboat models under 30 feet can be attributed to numerous factors not the least of which were inroads made by the growth of the powerboat market. Consumers found the convenience of "turning a key" far more appealing than learning the expertise of sail if they had the financial choice. A stabilized American economy gave them that choice.

However, the after-market (sail accessories, equipment, etc.) continued to show solid sales gains, in some cases better than the powerboat segment.




| | 1982 | 1983 | 1984 |
|---|---|---|---|
| **NON-POWERED SAILBOATS, ALL SIZES*** | | | |
| Total units sold | 50,000 | 40,000 | 36,600 |
| Retail value | $121,000,000 | $115,040,000 | $118,108,000 |
| Average retail unit cost | $2,420 | $2,876 | $3,227 |
| **AUXILIARY-POWERED SAILBOATS, 30 FT AND UNDER** | | | |
| Total units sold | 1,060 | 1,290 | 1,100 |
| Retail value | $34,598,000 | $35,900,700 | $33,827,000 |
| Average retail unit cost | $32,640 | $27,830 | $30,752 |
| **AUXILIARY-POWERED SAILBOATS, 30 FT AND OVER** | | | |
| Total units sold | 2,340 | 2,450 | 3,050 |
| Retail value | $194,922,000 | $211,765,700 | $241,377,000 |
| Average retail unit cost | $83,300 | $86,435 | $79,140 |

*DOES NOT INCLUDE SAILBOARDS

# BOATING INDUSTRY

$4.00 THE MANAGEMENT MAGAZINE OF THE BOATING INDUSTRY MAY 1985

SPECIAL REPORT
**Sail Regroups**

**Where to Find the Right Software**

**Coping with a Buyers' Market**

**What You Need to Know About New Fishing Excise Tax**

**Three Ways to Package Sail**

***Small Boats Are Big Business for Olympic Marine***

# BOATING INDUSTRY

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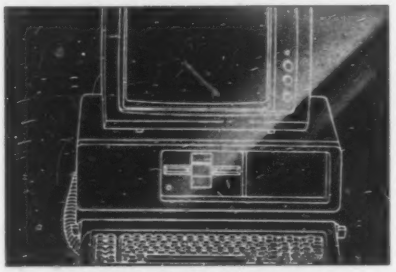
Olympic Boat Centers is BOATING INDUSTRY Magazine's choice as a super promoter and seller of small boats in its *Winners Circle Dealer Series*. The dealership's Seattle store on Puget Sound, one of four satellite operations, is featured on this month's cover. PHOTO: MICHAEL CRAFT

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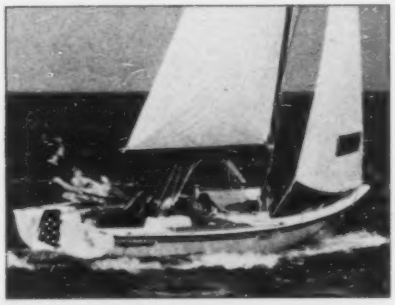


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Dave Keyes and Barry Mattain have turned Olympic Boat Centers in Seattle into a $18 million business. At the root of the dealerships' fantastic growth: Baylin-er's Capri boat line.

**30 How to Wield Computer Power**

The second installment in our continuing computer power series, shows dealers three simple, effective ways that computers can be used to help run their dealerships more efficiently.

**33 How to Cope With a Buyers' Market**

Until recently, product shortages and high inflation had given marine dealers the edge in striking a deal with prospective buyers. Now the tide has turned and the consumer is dealing from a position of strength.

**36 SPECIAL REPORT: Sail Regroups**

The sailing industry is determined to pursue an aggressive course in its quest to reverse the overall sales declines that continue to plague this segment of the recreational boating market. Top level sail conferences are already positioning the key elements in the industry's master strategy.

**42 Three Ways to Package Sail**

Certainly, packaging may not be for every dealer, but if you consider the products and expertise available to you, and the three distinct levels of experience that customers bring through the front door, there is surely added profit to be made by tailoring your sales to fit the situation.

SLUGGISH GROWTH
FALLEN HOPES

# Sail Regroups

Where does the future lie? That is the key question for sail—a once thriving industry now in search of an identity, seeking remedies to sluggish growth and the countless travails of a declining market.

BY PETER MORTON COAN

The sailboat industry is an industry in crisis. Last year BOATING INDUSTRY reported that in 1983 sail had steered toward an upward course of growth—and it had. The only problem was that the course had been a slow and painful process, riddled in confusion especially since the national economy, was in its best shape in years. Of all sailboat categories, only auxillary-powered units, thirty-feet and over, saw an increase in sales in 1984. Every other category declined at a time when the powerboat industry was scoring record gains. Why?

This was the key question before the NMMA's American Sailing Council when its Board of Governors met at the New York Boat Show in January. The purpose of the meeting was to seek a firmer direction for the Council, and to consider how the Council might work more closely with the California-based American Sailing Association (ASA) and the New York-based States Yacht Racing Union (USYRU).

Two conclusions were drawn from the meeting. The first, it was agreed that the ASC support the above two sail organizations by "attracting more people into sailing through improved and expanded instruction and through development of a stronger network of sailing dealers."

It was also the consensus of the ASC "that the sailboat market clearly is in a decline or at best a holding pattern for a variety of reasons and that strong measures should be taken to correct the causes of the malaise."

To achieve this second objective, a special forum was held in Boston on February 12th attended by leading boat manufacturers, sailing schools, publications, plus the USYRU and the ASA. It was certainly the most significant gathering of the sailing industry in a decade. It was also the most productive, as attendees examined three basic areas of concern: the marketplace, the consumer, and the dealer. The concerns and potential remedies aired at that conference were eventually recorded in a report by George Rounds of the National Marine Manufacturers Association. The following is an analysis of the sail industry based on that report.

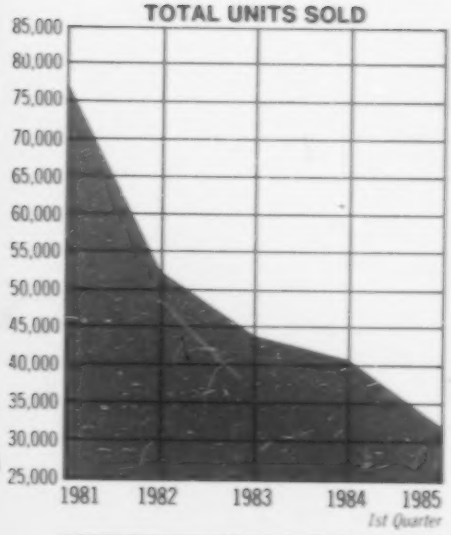
### Marketplace

According to Rounds, boat imports from Europe are a key factor for sluggish domestic boat sales (particularly of auxiliary models), and partially due to favorable exchange rates and an oversold European market, but also due to new "exciting design changes" implemented by these boatbuilders. In addition, these European imports also cost less. As a result, European imports presently possess nearly 25 percent of the U.S. sail market.

Foreign competition then is one key factor, but another is the glut of used sailboats in the marketplace. When the economy began its upward turn in late '82, and powerboats became an attractive alternative once again due to reduced fuel cost, many sailors either traded-up, traded-out, or traded-over to powerboats. This left a massive number of used sailboats in the market. In Southern California alone, for instance, listings for previously owned auxiliaries in boating newspapers increased by 100 percent last year.

Many of these listings were for small sailboats, under thirty-feet—the hardest-hit segment of the sail industry today. Auxiliary-powered sailboats in this category have declined 10 percent every year for the past four years. And non-powered sailboats of all sizes have

PHOTO: BOUNDAS




The sailboat industry has declined at an alarming rate since 1981 prompting industry leaders to regroup.

declined even more. Only auxiliary-powered sailboats thirty-feet and over have shown small but steady increases.

This is problematic for American sailmakers and the sail industry in general, because small sailboats comprise the biggest chunk of product purchased by beginner sailors. And without beginner sailors the industry cannot grow.

It hasn't.

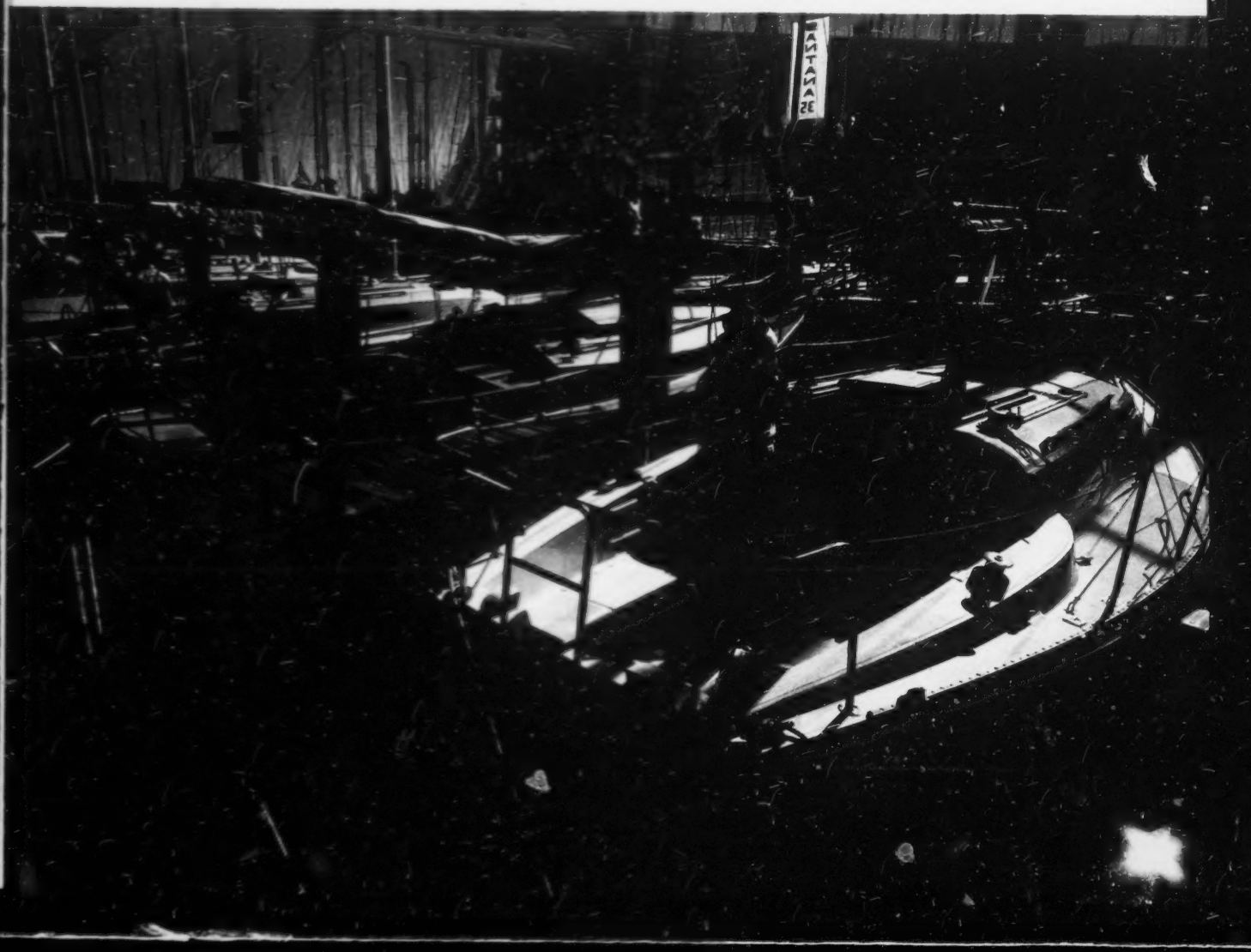
In fact, taking into consideration profits reaped from large models, the entire sailboat industry has been nearly cut in half since 1981. In that year, total units sold were approximately 80,000. In 1984, that figure was 40,750. And for 1985, profits look even bleaker, as first quarter reports indicate only 8,000 units shipped—a decline of 18 percent over last year's figures. At the present pace then, total units sold for 1985 will be approximately 32,000—the lowest figure in nearly twenty years. And you wonder why the sailboat industry is regrouping.

### Dealers

Foreign competition and the glut of used product are two obvious reasons for the decline of the small sailboat market; but there are other, more subtle factors which have their root at the dealer level.

"The dealer has discovered, and rightly so, that he can profit more from selling one 36-footer than selling three 12-footers," said Rounds in his report to the American Sailing Council. "It's easier to sell one boat than to sell three."

But Rounds is also quick to point out it's not totally the fault of dealers. "Manufacturers have also found there is more profit in bigger boats than in the smaller one-design and



family daysailers," Rounds said. "The combination has resulted in fewer small boat dealers and fewer manufacturers. This, in turn, has led to a decline in promotions and advertising. Thus, the general public is seeing less information on small sailboats and is being wooed by the larger boats."

This emphasis has caused many sailboat dealers to become "considerably less aggressive than they might have been years ago", and are therefore "not creating new customers" vital to the growth of the industry. They are also "sailors rather than merchandisers," a further stumbling block to seducing beginners into the sport. These, for the most part, are "old-time dealers inclined to intimidate the neophyte with their talk of rigs, hardware, and sailing experiences."

This *besides-the-point* chatter is especially self-evident at boat shows where sales often become a secondary focus to swapping stories with prospective customers. It has been an oft-heard criticism of sailboat dealers that they fail to work a boat show properly, as say, their powerboat counterparts, and therefore waste the opportunity of the boat show venue, which is perhaps their best opportunity for selling product. It's also their best opportunity to hook the beginning sailor.

Perhaps the best way to seduce beginners into the sport is through proper sail instruction. The best example of this is the *boardsailing* market which "has found that if it teaches the sport properly, people will buy." The reason is that *sailboard* dealers, unlike sailboat dealers, tend to have schools set up at their shops. The consumer not only has the opportunity to buy the product, but to learn how to use that product—*immediately*. These sailboard dealers are trained by their respective manufacturers and tend to be younger and more aggressive THAN Sailboat retailers, realizing that small profits from beginner purchases and bigger profits from more advanced boardsailors, still translate into one bottom line: selling boards.

For the most part, commercial sailing schools do not adhere to this

*(continued on page 40)*

# Sail Industry Fact Sheet

The following is BOATING INDUSTRY'S statistical report on the sailing business for 1984. All figures are estimates based on a variety of industry sources.

**PEOPLE:** It's estimated that 12.75 million people participated in sailing during 1984; a slight increase over 1983 statistics. This increase was not caused by new boat sales as much as participation by those using pre-existing models. As a result, the sailing population represents approximately 21 percent of the entire recreational boating market; the same figure as last year.

**SAILBOAT POPULATION:** It's estimated there were 1,200,000 sailing on American waters last year; a slight decline over 1983 figures in that new sailboat sales declined across all categories except auxiliary-powered sailboats, thirty-feet and over. The sailboat population represents approximately nine to ten percent of the boats in use in the country.

**NEW SAILBOATS:** Sales of new boats decreased from 43,740 in 1983 to 40,750 in 1984. Just to show you how the industry has declined—53,400 new boats were sold in 1982. On the other hand, dollar sales increased from approximately $385 million in 1983 to nearly $400 million last year, but this was due to an increase in prices, not an increase in units sold.

**AUXILIARY-POWERED SAILBOATS, 30 FT. & OVER:** Of the three major sailboat categories, this was the only one which saw improvement. Total unit sales increased from 2,450 in 1983 to 3,050 in 1984. Correspondingly, retail value increased from $211,765,700 in 1983 to $241,377,000 in 1984. However, average retail unit cost declined from $86,435 in 1983 to $79,140 last year.

**AUXILIARY-POWERED SAILBOATS, 30 FT. & UNDER:** This category declined in 1984 with total units sold of approximately 1,100—a decrease of 190 units. In addition, retail value decreased from $35,900,700 in 1983 to $33,827,000 in 1984. This despite the fact that the average retail unit cost increased from $27,830 in 1983 to $30,752 last year—but that was because the increase in prices did not keep pace with unit sales declines.

**NON-POWERED SAILBOATS, ALL SIZES:** This category suffered most last year with 36,600 total units sold; a decline of 3,400 units versus '83 figures. What also hurt this category was that the average retail unit cost increased from $2,876 in 1983 to $3,227 last year. That's a big jump. As a result, dramatic declines in units sold and dramatic increases in unit costs meant that total sales ($118,108,000) was approximately the same as 1983 figures.

**SAILBOARDS:** This category is tabulated separately from sailboats. In 1984, this industry sold approximately 43,000 units, a small increase over 1983 figures. In fact, while the sailboat industry has steadily declined (by small increments) the past few years, sailboarding has steadily increased—also by small increments.

**MANUFACTURERS:** There are approximately 480 firms making sailboats in the United States of which fifty are major producers. And of these fifty, many are feeling the bite of sluggish sales as they try to duplicate the success enjoyed by their powerboat manufacturer counterparts. In order to do this, some sail manufacturers have begun paying closer attention to the marketing methods employed by powerboat makers.

**SAIL INSTRUCTION:** At present, there are approximately 800 sail instruction facilities in the United States of which 350 are connected with boat dealerships or marinas, and another 450 connected with schools, sail associations and the like.

*continued from page 38*

orientation. In fact, what sail instruction they do offer is usually on larger 24 to 30-foot boats which has "encouraged newcomers to buy the larger boats rather than smaller sizes," or not to buy at all.

Almost invariably they've decided not to buy at all. And that's a shame, because instruction for both small and large boats has proven successful for increasing sales.

### The Consumer

For the average American, sail is both glamourous and romantic as evidenced by a recent Neilson Report which showed "that 53 percent of Americans want to go sailing." The question is, do they really want to learn?

"We don't know," Rounds says. "The ASA in a survey of several hundred adults at shopping malls found that 77 percent of the public would like to learn to sail. Some 80 percent of the U.S. population lives near waters that are suitable for sailing. Where are these customers?"

For the most part they're on land or in powerboats because the survey also revealed that these customers "perceive the sport as expensive, difficult to learn, and elitest." Today, the typical person to whom sailing appeals—a family man, 35 to 45, earning $50,000 to $65,000—has trouble justifying the amount of time and expense required to enjoy this leisure activity when numerous alternatives await him—camping and fishing, health clubs and tennis—activities which are both widely available and comparatively less to participate.

Tops among this list of course is boardsailing, which many marine analysts consider the greatest competition for the sailboat industry.

Said George Rounds: "A recent survey by Windglider Magazine showed that the typical sailboard buyer is between 25 and 45 years of age. They earn between $45,000 and $62,000 yearly, and plan to stick with boardsailing for the next ten years. They, unlike their sailing school counterparts, are split about evenly between men and women.

Perhaps the best way to seduce first-time buyers/beginners into sail, is through proper sail instruction.

Consider the minimal investment and the ease with which boardsailing can be done, and it is easy to see why they have chosen this as their sailing activity rather than larger boats."

### The Remedies

At their Boston meeting, the American Sailing Council considered several potential solutions to reverse the industry's malaise and re-orient mass America to the virtues of sail. It was generally agreed that no one remedy would do the trick, and that, in fact, an entire image-overhaul was necessary. What follows is an abbreviated list from Rounds' report of all of the initiatives to be undertaken by the ASC to achieve this goal:

**1.** Establishment of an "800 number" to refer people to sailing schools around the country.
**2.** Publication of a generic book on sailing to cover the main objections of expense, difficulty, and "elitest" sport.
**3.** Publication of a guide to establish community sailing programs based on successful ones in Wilmette and Evanston, Illinois, and Mission Bay in San Diego.
**4.** Contracting articles on the benefits of sail and placement of same in leading non-boating consumer magazines.
**5.** Support of dealer training seminars conducted by the American Sailing Association and possible future establishment of a series of clinics for sailing dealers.
**6.** An education program aimed at the general press to encourage additional coverage of sailing.
**7.** Creation of a "sail-in" for key media people to expose them to sailing with an emphasis on how easy it is to learn.
**8.** The creation of a trail booth at major sailboat shows where consumers can obtain information on sailing, how to get into it, and how to select a boat, plus distribution of the generic sailing book.
**9.** Exhibits at recreation trade shows and parks to promote the establishment of community sailing programs using the sail program guidebook as the key piece, but also including displays of boats.
**10.** Establishment of possible promotional activities such as a "National Sailing Week" declared by Congress, getting stories placed on children's programs and the PM Magazine television show, and media events such as pro/amateur races and celebrity sail races.
**11.** Possible consolidation of sailboat exhibits at NMMA shows.
**12.** Possible establishment of a national sailing instructor certification program.

### Conclusion

It was planned that the above initiatives would be brought before the NMMA's board of directors for special funding and then instituted within the next two years. Whether all of these initiatives will go into effect, or how successful they will be, depends on many factors. It is unlikely that all of them are sufficient to turn the industry about-face. And it's unlikely that all of this will occur within 24 months. Changing the *image* of an entire industry takes time. It takes years. But at least it's a start. □

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# BOATING INDUSTRY

$3.00 THE MANAGEMENT MAGAZINE OF THE BOATING INDUSTRY SEPTEMBER 1985

FALL TRADE SHOWS ISSUE

Economic indicators point to continued prosperity for recreational boating in 1986; however, growth is not expected to rival the banner years experienced by the marine business following back-to-back recessions at the beginning of the decade. Pent-up consumer demand is no longer a factor, and the seller's market, characteristic of the last three years, has been sapped of its strength. The consumer reigns supreme.

# '86 Business Outlook

**How to Find a Sympathetic Banker**

**Matching the Worker to the Job • Why Buy a Supermicro Computer?**

**Overcoming Selling Roadblocks • Packaging: The Profit Multiplier**

# BOATING INDUSTRY

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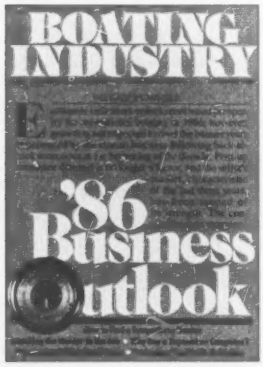


## Cover

Business barometers point to a year of continued growth and prosperity, with ample opportunity for the industry to reap a healthy profit in '86. COVER DESIGN BOUNDAS. BAROMENTER COURTESY CHELSEA CLOCK CO.

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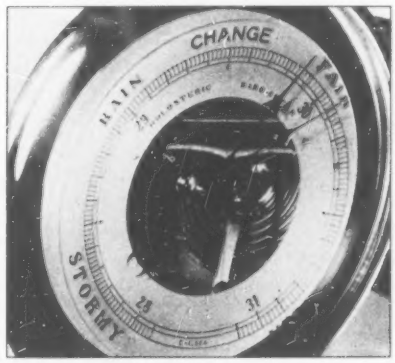


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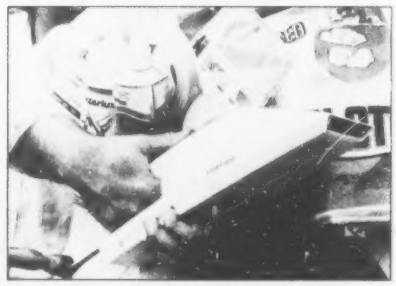

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**61 1986 Business Outlook**

The new model year augurs stable growth as opposed to record gains. Pent-up demand is no longer powering sales, and the availability of product has replaced buying sprees with thoughtful purchases.

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Supermicro computers, better software, plus tips on maintenance contracts, comprise the final installment in our computer series.

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The latest generation of sail instruments are computer, or microprocessor-based, and have capabilities far beyond the reach of most analog instruments.

**80 How to Pick Your Banker**

Banks vary. And Bankers vary. Choosing the "financial partner" that can best serve your needs as a marine dealer is the key.

**84 Sharpen Up Your Selling Skills**

Salespeople share certain universal problems in selling. Some practical advice on how to deal with them successfully.

**87 Does the Job Fit the Personality?**

It's helpful to understand the behavior traits of each employee in a dealership, and how those traits affect different job functions.

# Imports Up/Exports Down

BY BOB MOYAT

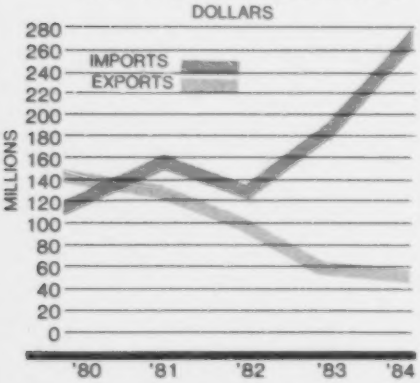
*Director*
*NMMA Statistics Department*

In 1984, imports of boats from abroad into the United States increased by 37.2% over 1983 to a total of $273,682,000. Exports of boats declined to $65,249,000, or a decrease of 8.7%. The net trade imbalance of imports over exports totaled $208,433,000.

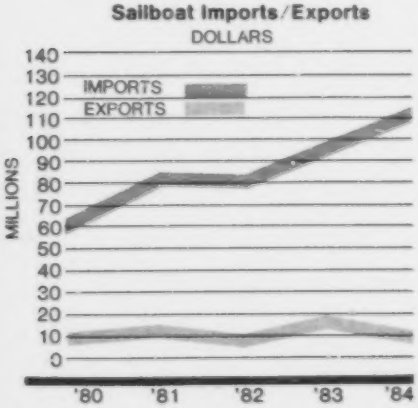
The overall United States trade deficit in 1984 totaled $110.9 billion, setting a record and representing an 83% increase over the 1983 deficit. By comparison the deficit in boat imports over exports in 1984 increased by 63%.

The deficit for all Machinery and Equipment, which pleasure boats share with such notable product categories as passenger automobiles, office machines and consumer electronics was $27.4 billion, an increase of a whopping $24.7 billion in 1984. The rise is attributed to a strong

**U.S. BOAT IMPORTS/EXPORTS**




**Sailboat Imports/Exports**




**1983-84 IMPORTS** — **COUNTRY: U.S.A.**

VALUE IN DOLLARS (000'S)

| COUNTRY | | Sailboats 1983 | Sailboats 1984 | Inboard/Stern-drive Motorboats 1983 | Inboard/Stern-drive Motorboats 1984 | Other Rigid Boats incl. Outboards 1983 | Other Rigid Boats incl. Outboards 1984 | Total Boats 1983 | Total Boats 1984 | Sailboards 1983 | Sailboards 1984 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CANADA | UNITS | 1,796 | 709 | 39 | 51 | 4,105 | 5,459 | 5,940 | 6,219 | 721 | 175 |
| | VALUE | 30,377 | 31,600 | 3,042 | 3,434 | 2,311 | 2,566 | 35,730 | 37,600 | 241 | 110 |
| TAIWAN | UNITS | 533 | 503 | 513 | 723 | 46,265 | 22,293 | 47,311 | 23,519 | 1,275 | 465 |
| | VALUE | 27,715 | 30,075 | 36,589 | 56,754 | 3,358 | 6,209 | 67,662 | 92,538 | 361 | 122 |
| FRANCE | UNITS | 1,756 | 260 | 22 | 52 | 14,798 | 12,375 | 16,576 | 12,687 | 13,921 | 7,738 |
| | VALUE | 10,848 | 12,205 | 953 | 2,817 | 5,109 | 9,208 | 16,910 | 24,230 | 3,244 | 1,871 |
| FINLAND | UNITS | 67 | 86 | 6 | 10 | 145 | 7 | 218 | 103 | 0 | 8 |
| | VALUE | 7,421 | 10,488 | 430 | 846 | 287 | 661 | 8,138 | 11,995 | 0 | 3 |
| NETHERLANDS | UNITS | 25 | 32 | 10 | 12 | 667 | 599 | 702 | 643 | 2,103 | 2,130 |
| | VALUE | 2,697 | 4,582 | 2,934 | 9,494 | 248 | 671 | 5,879 | 14,747 | 663 | 1,052 |
| U.K. | UNITS | 404 | 165 | 62 | 107 | 5,458 | 12,765 | 5,924 | 13,037 | 619 | 738 |
| | VALUE | 3,041 | 5,880 | 4,150 | 4,933 | 3,985 | 6,432 | 11,176 | 17,245 | 159 | 189 |
| SWEDEN | UNITS | 58 | 73 | 16 | 12 | 308 | 10 | 382 | 95 | 266 | 757 |
| | VALUE | 2,899 | 3,400 | 829 | 877 | 240 | 415 | 3,968 | 4,692 | 70 | 246 |
| HONG KONG | UNITS | 32 | 35 | 49 | 45 | 242 | 7 | 323 | 87 | 654 | 207 |
| | VALUE | 3,381 | 2,999 | 7,290 | 8,391 | 75 | 438 | 10,746 | 11,828 | 142 | 54 |
| ITALY | UNITS | 116 | 26 | 19 | 36 | 4,374 | 1,535 | 4,509 | 1,597 | 319 | 1,407 |
| | VALUE | 5,129 | 1,396 | 2,168 | 6,548 | 384 | 1,581 | 7,681 | 9,525 | 85 | 338 |
| NEW ZEALAND | UNITS | 14 | 17 | 2 | 5 | 0 | 79 | 16 | 101 | 1 | 25 |
| | VALUE | 1,126 | 1,234 | 195 | 310 | 0 | 396 | 1,321 | 1,940 | 1 | 15 |
| SINGAPORE | UNITS | 1 | 4 | 57 | 53 | 3 | 8 | 61 | 65 | 0 | 0 |
| | VALUE | 293 | 497 | 7,528 | 7,941 | 537 | 1,043 | 8,358 | 9,481 | 0 | 0 |
| JAPAN | UNITS | 179 | 20 | 6,597 | 14,694 | 11,892 | 13,556 | 18,618 | 28,270 | 172 | 0 |
| | VALUE | 221 | 449 | 7,081 | 14,054 | 4,514 | 6,599 | 11,816 | 21,102 | 142 | 0 |
| W. GERMANY | UNITS | 573 | 332 | 0 | 1 | 5,336 | 6,230 | 5,909 | 6,563 | 7,230 | 15,711 |
| | VALUE | 1,717 | 1,776 | 0 | 27 | 1,525 | 1,811 | 3,242 | 3,614 | 2,441 | 5,280 |
| OTHER | UNITS | 486 | 205 | 28 | 43 | 1,432 | 527 | 1,946 | 775 | 6,942 | 9,926 |
| | VALUE | 2,660 | 5,703 | 2,517 | 6,585 | 1,555 | 857 | 6,732 | 13,145 | 2,724 | 3,664 |
| TOTAL | UNITS | 5,990 | 2,467 | 7,420 | 15,844 | 95,025 | 75,450 | 108,435 | 93,761 | 34,223 | 39,287 |
| | VALUE | 99,525 | 112,284 | 75,706 | 122,511 | 24,128 | 38,887 | 199,359 | 273,682 | 10,273 | 12,944 |

**1983-84 EXPORTS** — **COUNTRY: U.S.A.**

VALUE IN DOLLARS (000'S)

| COUNTRY | | Sailboats 1983 | Sailboats 1984 | Inboard/Stern-drive Motorboats 1983 | Inboard/Stern-drive Motorboats 1984 | Other Rigid Boats incl. Outboards 1983 | Other Rigid Boats incl. Outboards 1984 | Total Boats 1983 | Total Boats 1984 | Sailboards 1983 | Sailboards 1984 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CANADA | UNITS | 38 | 65 | 369 | 396 | 2,557 | 2,712 | 2,964 | 3,173 | | 57 |
| | VALUE | 1,494 | 1,773 | 6,666 | 9,199 | 5,973 | 6,292 | 14,133 | 17,264 | | 145 |
| FRANCE | UNITS | 3 | 0 | 44 | 41 | 119 | 87 | 166 | 128 | | 20 |
| | VALUE | 545 | 0 | 3,096 | 1,936 | 560 | 1,587 | 4,201 | 3,523 | | 50 |
| ITALY | UNITS | 9 | 20 | 38 | 34 | 118 | 88 | 165 | 142 | | 54 |
| | VALUE | 2,030 | 500 | 3,366 | 1,424 | 508 | 655 | 5,904 | 2,579 | | 35 |
| U.K. | UNITS | 7 | 8 | 44 | 26 | 379 | 126 | 430 | 160 | | 24 |
| | VALUE | 61 | 106 | 1,934 | 1,161 | 156 | 232 | 2,151 | 1,499 | | 55 |
| GREECE | UNITS | 6 | 2 | 24 | 6 | 8 | 0 | 38 | 8 | | 0 |
| | VALUE | 184 | 820 | 620 | 568 | 46 | 0 | 850 | 1,388 | | 0 |
| AUSTRALIA | UNITS | 2 | 7 | 6 | 11 | 357 | 15 | 365 | 33 | | 36 |
| | VALUE | 34 | 636 | 200 | 506 | 180 | 115 | 414 | 1,257 | | 26 |
| NETHERLANDS | UNITS | 35 | 34 | 31 | 17 | 41 | 137 | 107 | 188 | | 0 |
| | VALUE | 445 | 570 | 761 | 394 | 224 | 215 | 1,430 | 1,179 | | 0 |
| JAPAN | UNITS | 23 | 2 | 17 | 19 | 230 | 180 | 270 | 201 | | 6 |
| | VALUE | 427 | 54 | 561 | 394 | 642 | 718 | 1,630 | 1,166 | | 13 |
| NIGERIA | UNITS | 0 | 0 | 8 | 1 | 17 | 4 | 25 | 5 | | 0 |
| | VALUE | 0 | 0 | 104 | 2,157 | 88 | 57 | 192 | 2,214 | | 0 |
| KUWAIT | UNITS | 26 | 13 | 48 | 50 | 170 | 339 | 244 | 402 | | 0 |
| | VALUE | 465 | 547 | 2,007 | 3,413 | 822 | 653 | 3,294 | 4,613 | | 0 |
| W. GERMANY | UNITS | 3 | 3 | 122 | 100 | 531 | 70 | 656 | 173 | | 3 |
| | VALUE | 94 | 48 | 2,271 | 2,117 | 562 | 624 | 2,927 | 2,789 | | 7 |
| SPAIN | UNITS | 0 | 2 | 9 | 30 | 74 | 32 | 83 | 64 | | 0 |
| | VALUE | 0 | 1,509 | 266 | 1,374 | 106 | 217 | 372 | 3,100 | | 0 |
| OTHER | UNITS | 301 | 176 | 343 | 365 | 2,403 | 2,394 | 3,047 | 2,935 | | 80 |
| | VALUE | 10,218 | 5,841 | 15,741 | 9,561 | 8,080 | 8,077 | 34,039 | 22,678 | | 74 |
| TOTAL | UNITS | 453 | 332 | 1,103 | 1,096 | 7,004 | 6,184 | 8,560 | 7,612 | 0 | 280 |
| | VALUE | 15,997 | 12,404 | 37,593 | 34,204 | 17,947 | 19,442 | 71,537 | 65,249 | 0 | 405 |

increase in U.S. demand for foreign-made products, whereas foreign demand for U.S. products was relatively flat. The boating industry, then, fared relatively well against the other categories in this sector, though it experienced a negative impact that paralleled U.S. trade overall.

Inboard motorboats led all import categories in 1984 with a total of $122,511,000, or 45% of all boat imports. This represented a 62% increase over 1983 or $46.8 million. Imported inboard motor cruisers in the $100,000 price range are estimated to account for 10% of the U.S. inboard market, but despite the increase in 1984 imports they did not increase their market share over 1983 due to the dramatic growth in the domestic market.

The five leading import countries for inboards in 1984 were:

| | |
|---|---|
| Taiwan | $56,254,000 |
| Netherlands | 9,494,000 |
| Hong Kong | 8,391,000 |
| Singapore | 7,941,000 |
| Italy | 6,548,000 |

Exports of inboards decreased slightly to $34.2 million in 1984, down from $37.6 million in 1983.

The principal export destination countries in 1984 were:

| | |
|---|---|
| Canada | $9,199,000 |
| Kuwait | 3,413,000 |
| Nigeria | 2,157,000 |
| W. Germany | 2,117,000 |
| France | 1,936,000 |

Exports of inboard motorboats accounted for 52% of U.S. boat exports in 1984.

Sailboat imports into the U.S. in 1984 increased by 13% to $112,284,000.

The majority of these imports, 1,225 units valued at $91,039,000 were in the "over 31 ft., auxiliary powered" category with an average value of $74,300. As such they represented 40% of auxiliary powered sailboats over 30 ft. sold in the U.S. market in 1984. The leading countries for sailboat imports in 1984 were:

| | |
|---|---|
| Canada | $31,600,000 |
| Taiwan | 30,075,000 |
| France | 12,205,000 |
| Finland | 10,488,000 |
| United Kingdom | 5,880,000 |

Sailboard imports in the small sailboat sector also registered an increase from 34,223 units and $10,273,000 in 1983 to 39,287 units and $12,944,000 in 1984.

Exports of sailboats declined by 22% to $12,404,000 in 1984 with Canada, Spain, Greece, Australia, and

*(continued on page 234)*

# The Changing Face of the Boating Industry

BY JEFF W. NAPIER

If you want to know the major changes coming in the marine industry in the next five to ten years, look at what has happened in the auto industry. To a large extent, we will follow the same track and for the same reasons. Those reasons are mostly associated with the fact that the marketplace rewards economic efficiency and disciplines inefficiency. The marketplace is dynamic and ever-changing and business must also change and adapt to survive—but always following the star of "greatest economic efficiency."

Change in the boating industry is influenced by many factors—the state of the national economy generally and specific economic factors such as interest rates, fuel cost and availability, growth rate of consumer discretionary income, etc. But is also influenced by the ever widening selection of competitive entertainment being offered the consumer: VCR's, vacation trips, sport equipment, second homes, etc. And, as to any company in our industry, whether manufacturer or dealer, its circumstance is also influenced by what the competition down the street is doing. Our industry's future, then, is a dynamic movement of action and reaction to these various forces.

### The Marine Manufacturer

Historically, boating has been an industry of small businesses even at the manufacturing level. With only a handful of exceptions, even the bigger companies within our industry are not big compared to most other industries. This fact creates the opportunity to improve economic efficiency by economies of scale where increased size and volume can bring down unit costs and make a business more profitable and its product more price competitive.

A boatbuilder, for example, can lower his unit costs in the purchase of stern drive engines if he purchases in bigger quantities. This is so because the engine builder can, in turn, anticipate bigger production runs, a smoother production schedule, purchase his parts and pieces in bigger quantities and generally become more cost efficient. And so it is down the line of all types of boating products.

In both the boatbuilding and marine accessory manufacturing field, we have seen many corporate purchases and mergers in the last five years—as well as cases of broadened product lines—all enabling the companies involved to enjoy economies of scale and greater economic efficiency. In both economic theory and actual marketplace result, they are more competitive. Obviously, they will tend to displace the less competitive producers from the marketplace.

My guess is that significant economies of scale for a mid-range fiberglass boatbuilder probably begin at $40 to $50 million in sales. But there is an exception to the economic gravity pulling manufacturers toward a size of maximum economic efficiency: establishing a market niche.

A manufacturer in our industry or any other can successfully defy the laws of optimum size for maximum cost efficiency by a compensating product design feature, unique function, above average quality or some other value which he can reflect in his pricing. Examples of successful market niche products abound in our industry.

### MORE VERTICAL INTEGRATION

A few boatbuilders, by internal growth and by acquisition, have become big national marketers in only the last three or four years with sales between $150 million and $300 million—healthy by any measure and not even believeable only a few years ago. As their sales climbed they have sometimes outgrown their suppliers and, of necessity, had to produce their own parts and pieces—whether seats or hardware or windshields. Properly done, this vertical integration of hull fabrication with the production of

*(continued on page 141)*

*Jeff Napier brings a broad perspective to his view of the boating industry's future as NMMA President, a lawyer, banker and holder of a degree in economics. We asked him to give us his observations of some of the long-range changes in our industry at both the dealer and manufacturer levels. This article is his response.*

# Marketplace

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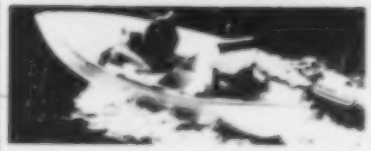

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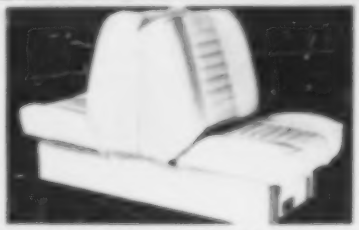

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## Imports/Exports

*continued from page 67*

the Netherlands absorbing 42% of U.S. exports. The major disparity between imports and exports of sailboats, plus the large share of the domestic market enjoyed by foreign built boats is of major concern to domestic manufacturers. Sailboat sales have slipped to 8% of the U.S. boating market from a previous 20%, and they have not enjoyed the rebound experienced by the motorboat sector since the 1980-82 recession.

Outboard motor imports into the U.S. increased by 48% in 1984 to a total of 150,687 units. Imported outboards accounted for 36.6% of the market in 1984, up from 30.2% in 1983.

NMMA estimates that imported boating products of all types account for approximately 10%—12% of the $12 billion sold in the U.S. in 1984.

The 1985 trade outlook for the recreational boating industry is mixed. An improvement in the overall outlook for U.S. trade in general is considered dependent by some analysts upon action by Congress on the budget deficit. This in turn is expected to have an effect on interest rates and the high value of the dollar. Others point out that other factors such as the debt crisis in the Third World countries, the growth rate in the economies of the U.S.'s trading partners, and the decline in oil prices will each have a varying and separate effect on U.S. trade.

Imports of inboard power cruisers should continue to increase in 1985 due to the continuing strong domestic demand in this sector. Sailboat imports are expected to remain even or show a decline from 1984. The export outlook is mixed with some improvement expected for exports to the EEC countries. South American markets are not expected to recover in 1985 due to currency and import restrictions. The Middle East outlook is uncertain due to declining oil prices.